

DÁIL ÉIREANN

AN COMHCHOISTE UM AIRGEADAS, CAITEACHAS POIBLÍ AGUS ATHCHÓIRIÚ, AGUS AN TAOISEACH

JOINT COMMITTEE ON FINANCE, PUBLIC EXPENDITURE AND REFORM, AND TAOISEACH

Dé Céadaoin, 18 Bealtaine 2022

Wednesday, 18 May 2022

Tháinig an Comhchoiste le chéile ag 13.30 p.m.

The Joint Committee met at 13.30 p.m.

Comhaltaí a bhí i láthair / Members present:

Teachtaí Dála / Deputies	Seanadóirí / Senators
Mick Barry,	Maria Byrne,
Pearse Doherty,	Pat Casey.
Bernard J. Durkan,	
Mairéad Farrell,	
Steven Matthews,	
Jim O'Callaghan,	
Peadar Tóibín.	

I láthair / In attendance: Deputy Ged Nash.

Teachta / Deputy John McGuinness sa Chathaoir / in the Chair.

Withdrawal from Irish Banking Market: Engagement with Ulster Bank and KBC Ireland

Chairman: Arising from our last private meeting, I advise that the minutes of that meeting of 11 May 2022 were accepted.

No. 8 on the agenda is our engagement with Ulster Bank and KBC. I welcome all our guests here today. We look forward to the exchange. From Ulster Bank, I welcome Ms Jane Howard, chief executive; Ms Elizabeth Arnett, director of corporate affairs; Ms Louise Kelly, head of public affairs; Ms Lisa Slattery, head of digital; and Mr. Olaf Fitzsimmons, head of corporate. From KBC, I welcome Mr. Frank Jansen, chief executive; Mr. Barry D’Arcy, chief risk officer; and Mr. Darragh Lennon. We will have brief opening statements, following which we will have engagement with members.

I remind all concerned about the situation regarding privilege. Witnesses and members are covered by privilege, whether they be in this chamber or on the campus of Leinster House. They are asked to respect the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against any person or entity outside the House or an official either by name or in such a way as to make him, her or it identifiable.

I invite Ms Howard make her presentation.

Ms Jane Howard: I thank the Chairman and members of the committee for inviting us to attend today’s meeting. I am joined by Ulster Bank’s director of corporate affairs, Ms Elizabeth Arnett, and our head of corporate and SME banking, Mr. Olaf Fitzsimmons.

I understand the committee is keen to get started, therefore, I will keep my opening remarks brief. Fifteen months ago, on 19 February 2021, we announced our phased withdrawal from Ireland and since then we have made significant, sustained progress. At every step we have kept the committee updated and have engaged with customers, the industry and a wide range of stakeholders.

I understand the focus of today’s meeting is on the movement of current and deposit account customers to new providers. I would like to take a few moments to speak about our approach. We started our Choose, Move, Close campaign last year when we announced in October the details of our plans, providing customers and the industry with almost six months’ notice to prepare even before we commenced issuing formal letters to customers in April of this year. We very deliberately announced that while customers did not have to take action at that time, they would eventually have to close their accounts. Making that statement allowed us the opportunity to start a very important conversation.

Between October and April we led significant engagement with the rest of the industry, the direct debit originators and other important stakeholders such as groups representing older customers, the Money Advice & Budgeting Service, MABS, and the Department of Social Protection. We placed advertisements in national newspapers to ensure we reached as many interested parties as possible and held roadshow sessions to talk stakeholders through our plans. During this time we also undertook a number of proactive measures to ensure our most vulnerable customers and those who might need extra time and support were fully informed. We committed to keeping our branches open throughout this process. This front-running allowed customers, the industry, the direct debit originators and other stakeholders time to prepare for the formal start of our letters to customers.

On 13 April 2022, we began to write to customers on a phased rolling basis to provide them with six months' notice to choose a new provider, to move and to close their current and deposit accounts. At this time, I am happy to say the volume of activity is in line with our projections and we are not experiencing any operational challenges in our branches or telephony teams in responding to customers. Our letters are being issued in tranches to help facilitate orderly account switching and new account opening across the industry.

We understand that giving customers ample support is as important as giving them ample time to carry out the process, especially those with additional needs. While many customers will not need to come into an Ulster Bank branch, our branches will remain open throughout the process to ensure those who wish to can come in directly to us for face-to-face help. We have also offered to the industry the opportunity to be physically present in our branches and space on our website to help our customers open accounts and I am delighted we will start to see that support available in our branches this month. We have also launched comprehensive online customer support hubs for our personal and business customers, which are updated at every milestone.

This is an important step in the phased withdrawal of Ulster Bank and we recognise that for our customers, especially those who have banked with us for decades, choosing and moving to a new provider requires effort, time and support. Reflecting our unique footprint and history in Ireland, we have a distinct customer base, therefore, the plans we have put in place for this task are in response to that. We are taking a responsible and prudent approach, which includes regular monitoring and evaluation of the progress throughout this process. It is a priority for us that we do the right thing by our customers and colleagues as we support our customers to avail of an alternative financial provider. I thank the members of the committee and we will be happy to take questions.

Chairman: I thank Ms Howard for her presentation. I invite Mr. Jansen of KBC to make his presentation.

Mr. Frank Jansen: I am grateful to the Chairman and members for this opportunity to address the committee. I am accompanied today by my colleagues, Mr. Barry D'Arcy, executive director and KBC Ireland's chief risk officer; and by Mr. Darragh Lennon, director of retail distribution.

We look forward to a constructive discussion on the migration of current accounts as KBC exits the Irish market. It is our intention to be as comprehensive as possible in answering the committee's questions, while fully respecting commercially sensitive information and the boundaries set by the regulatory and ministerial approval process for the transaction with Bank of Ireland.

We understand the crucial importance of a current account in the financial daily lives of our customers. We also understand that changing banks involves time and effort on behalf of customers and it is our intention to support them through that process. We are fully aware of the apprehension about the volume of customers that will seek to open new current accounts and the challenges that presents to the market. We are determined to meet our responsibilities and to minimise to the greatest extent possible the inconvenience caused to our customers.

It might help to provide additional clarity on the number of KBC accounts involved in wider current account migration process, the KBC part of which we expect to be concluded in approximately 14 months, prior to our departure from Ireland. KBC entered the current account

market relatively recently, in 2013, which is reflected in KBC hosting a low volume of current accounts. Based on data analysis, we estimate of the 130,000 total current account holders, approximately 52,000 will need to open new accounts or move to new providers. The other 78,000 account holders already have an account with another provider. Of those 52,000 customers, in the region of 97% are digitally active, which should support the migration process and make it easier and more convenient.

Of the 52,000 account holders who will need to move to new providers, fewer than 100 are categorised as vulnerable. They will be separated from the general customer group and provided with a bespoke engagement strategy. This engagement will include more intensive outreach and one-to-one support. We will have a dedicated vulnerable customer phone line and appoint a dedicated vulnerable customer team to meet these customers' specific needs on a case-by-case basis, including empowering the team to make decisions about accommodating any additional needs. The team will work closely with vulnerable customers through the closure process to make sure they understand what action is needed and to offer every support and assistance. Vulnerable customers will also be provided with additional time if it is required to complete actions or close their current accounts if they are unable to do so by the proposed closure date.

In summary, the account closure process will be managed in the following way. Every customer will receive six months' notice of account closure. From 1 June, formal closure notices will begin to issue to specific customer groups on a phased basis, throughout 2022 and early 2023, extending over a 14-month period. Communication will be in plain English, and all technical terms will be clearly explained. It will be made clear to customers who they should contact and how they can contact KBC throughout the process. We will outline any potential impact on customers and explain clearly the actions they are required to take. We will continue to communicate with customers regularly. This will be supported by advertising in relevant media to ensure ongoing awareness of the process.

We have increased our staff dedicated to servicing customers in our contact centre by 40% to ensure that we maintain strong service levels to our customers, including, as I mentioned, creating a dedicated vulnerable customer support team. Additionally, we are increasing staff numbers in our operations department by 20% to meet the expected demand arising from switching and current account closures. We will adjust staff deployment as required and we are confident that our staffing levels will meet expected demand, but we will monitor this and are ready to deploy more staff if needed.

It is important to underline that our business model is such that the vast majority of customers engage with us through our contact centre. Some 90% of customer servicing is done through this channel and we have made sure and continue to make sure we have the right resources to keep customer service levels high. Our average customer waiting time until we pick up the phone is just 21 seconds in 2022, so customers can have direct contact with our colleagues. Our hubs are also used by a small number of our customers for support and we will continue to review how our customers are using our hubs as we move through the process and we will keep these open as long as that support is needed for a substantial number of our customers.

To further assist customers, KBC will not charge current account maintenance fees from the point at which we commence issuing closure notices in June. This will apply to all customers. The purpose of no current account maintenance fees is to provide customers with flexibility so they can open a second current account without incremental costs with another provider. It will allow them time to switch incoming and outgoing recurring payments from one account to another, at their own pace and at the pace of the payment providers.

Our intention is to take a flexible approach that will ensure that people are supported at every turn throughout this process. I wish to reiterate our very strong commitment to continued support and responsibility for our customers, colleagues, communities and all stakeholders in society. Our exit will be carried out in an orderly and responsible manner, fully respecting all the obligations we hold. I acknowledge and thank all our staff, who continue to provide excellent service and support to our customers through what is a challenging time for them too. They continue to go above and beyond every day and we are extremely grateful for their continued commitment and support.

Even if our customers are required to close their account with us and open a new one, they are still our customers until they are not. Our intention is to take care of them to the greatest extent possible. Our mission is to support them and communicate comprehensively with them, ensuring they have the information they need, understand the actions they need to take and have sufficient time to take those actions. We are ensuring customers do not incur current account maintenance fees, providing support to those most vulnerable and redeploying staff to support all customers, including the 52,000 who we estimate will have to open new accounts. We are doing and will continue to do all that we can for our customers.

Deputy Pearse Doherty: Cuirim fáilte roimh na finnétithe chuig an gcoiste. Welcome to the committee. Unfortunately, it is in circumstances which we would rather not be in whereby both banks, after making hefty profits in this State, have decided to leave. Now, 1 million customers have to find a new banking home. I will direct my first comments to Ms Howard. Ulster Bank has started to issue letters and KBC will do so from next month. How many letters have been issued to customers by the bank to advise them to close their accounts? How many letters are expected to issue each month over the coming period?

Ms Jane Howard: We started our communications with customers last October with regard to choose, move, close. We started to send formal letters in April. As of today, 120,000 letters have been sent to our customers. It may be helpful for committee members to know that, as of today, of our 360,000 customers who had active current accounts and used us as their main bank, 30,000 have chosen a new bank, moved their banking facilities and closed their accounts, so we now have 330,000 customers who use us as their main bank.

Deputy Pearse Doherty: Of the 985,000 accounts with your bank, both active and inactive, letters have issued in respect of 120,000. What are the projections for next month and the following months?

Ms Jane Howard: We are typically doing approximately 20,000 a week. That is broadly how it pans out. That will continue until the end of September. That is the broad-brush answer but, broadly speaking, we will issue 20,000 a week until the end of September.

Deputy Pearse Doherty: How many months away is the end of September?

Ms Jane Howard: Even those customers who get letters at the end of September will be given six months' notice to act. There is an 18-month period from October, when we launched our choose and close initiative, until the end of March 2024.

Deputy Pearse Doherty: Ulster Bank is issuing roughly 80,000 letters a month. There are four months between now and the end of September. That would be 320,000 more letters, give or take, in addition to the 120,000 that have already issued. That means that half of the bank's customers will not get a letter.

Ms Jane Howard: Some customers have both a current account and a deposit account. If the Deputy wants the detail of that, I will be more than happy to share it with him. That is why I said the general-----

Deputy Pearse Doherty: As opposed to accounts, how many customers, both active and inactive, does Ulster Bank have?

Ms Jane Howard: We had 360,000 customers, now 330,000, with active current accounts. Some 300,000 customers have a deposit account, about half of whom also have a current account with us.

Deputy Pearse Doherty: We have those figures. There were 360,000 at the time and 155,000 have a deposit account but not a current account with Ulster Bank. That takes the total to 510,000. There are also 255,000 inactive accounts. That takes the figure well over 750,000. There are also 70,000 business customers, who may also have personal accounts. Even on those figures, there are 750,000 people who, according to the schedule, will not get a letter if only 80,000 letters are being issued a month.

Ms Jane Howard: I will share the schedule of the letters with the Deputy. Everybody will get a letter and everybody will be given six months' notice. I can confirm that.

Deputy Pearse Doherty: That was one of the questions the committee asked Ulster Bank but the information was not supplied on the questionnaire. We asked for the schedule and the detail of how many letters would be issued.

Ms Jane Howard: We will share that with the Deputy.

Deputy Pearse Doherty: Of the 120,000 letters that have been issued so far, how many were to customers who had personal current accounts?

Ms Jane Howard: The vast majority of those customers have a personal customer account. We very deliberately started reaching out to our customers from the branches last October with a focus on those who we thought might need more time and our more vulnerable customers who we thought might need more support. We then started with the letters, mainly to our customers who use us as their main bank.

Deputy Pearse Doherty: In a normal month before this decision, a month in which Ulster Bank was not withdrawing from the market, how many accounts would be closed? Bank accounts are closed and opened all of the time.

Ms Jane Howard: I do not have those figures to hand. I will come back to the Deputy on that but it would obviously have been significantly lower than the numbers we are talking about today.

Deputy Pearse Doherty: Since the letters were issued, how many current accounts have been closed?

Ms Jane Howard: It might be more helpful to share the number closed this year because it is quite difficult to calibrate for the reasons actions are being taken. The letters only began to issue on 12 April. As I have said, we started our choose, move and close campaign last year. The outreach to customers has also helped. Perhaps Ms Arnett would like to provide a little bit more detail on that.

Ms Elizabeth Arnett: We are all trying to understand the cause and effect and what is the most effective trigger to prompt a customer to engage and take action. As Ms Howard has said, we started the process of engaging with customers last October. We reached out to well over 30,000 vulnerable and older customers and all sorts of other groups, including customers who rely on an overdraft, customers who are politically exposed persons and who may need additional time, and so on. All of that activity is contributing to the action we see today. That is what Ms Howard is referring to. We are definitely seeing an overlay of the public campaign we ran and the conversations in the media, in this committee room and in other places. That is certainly raising awareness among customers. We are seeing that. In the call-outs to older customers, we saw a very high degree of awareness. Many customers have the process of choosing, moving and closing well under way. A high percentage of those customers are safely through the process. That is borne out in our engagement with our colleagues in the Department of Social Protection, who tell us that there is a high level of engagement among those who receive pensions from the Department. As it stands, having sent 120,000 letters, 30,000 of our active current accounts have safely transacted through the choose, move and close process.

Deputy Pearse Doherty: Since when? Is it since the date of the letters?

Ms Elizabeth Arnett: It is since the start of the choose, move and close campaign. From the date of the letters, which was four weeks ago, 22,000 customers have closed their accounts. However, I would imagine that those customers started the process before the letters were issued. We have very clearly told customers that they do not need to take action until they hear from us but that, if they are ready, we are ready. We have proactively prompted customers who we believe will require additional support to start the journey as early as possible. We are telling the vast majority of customers, who we believe will probably transact most of the journey digitally, that they can wait until they have the letter to take action but that we are ready to respond to what those customers require. We are not seeing any trends outside of what we predicted with regard to our contact centre activity, website activity and activity at the branch level. We want to get into a steady state of action wherein what we are doing stimulates customers to take action and there is an appropriate response from the rest of the industry to move customers across as safely and smoothly as possible.

Deputy Pearse Doherty: We can see the number of accounts that have been closed in the questionnaire the bank has provided to us. Since March last year, 122,000 accounts were closed. Some 8,700 of those included in the numbers provided were closed by Ulster Bank itself. Is that not right? These are dormant accounts that massage the figures to make it look as if more individuals are closing their accounts. Some 8,700 of these accounts were closed by the bank.

Ms Elizabeth Arnett: Even when those figures are taken into account, we are still seeing the sort of customer activity we would expect. It should be borne in mind that the closing of the account is the final step. The customer has to go through the process of selecting an appropriate service provider, opening an account with it and undertaking the process of moving across either by their own hand or through the switcher process. The final step is the closing of the account.

Deputy Pearse Doherty: We are aware of that. Of the accounts that were closed by individuals as opposed to the bank itself - that is 22,000 minus the 8,700, so approximately 14,000 - how many were closed through the switching process as opposed to the direct method?

Ms Elizabeth Arnett: The 22,000 I referred to were active current and deposit accounts. I

will just make that point. Approximately 10% are using the switcher process right now.

Deputy Pearse Doherty: Why is that percentage so low?

Ms Elizabeth Arnett: For some customers, the switcher process will work extremely well. Others want to maintain control of the process. The switcher process will do certain things but it will not bring your salary or pension payment into your new account. It will take direct debits and standing orders but not other payments. Depending on the nature of your account, it might suit you to use a different process. Fundamentally, at the heart of both the switcher process and the choose, move and close process is ensuring the regulatory protections are afforded to customers in the appropriate way. Whatever process the customers choose, at the end of the day, the change will be done in a way that meets those requirements.

Deputy Pearse Doherty: Is there any direction to staff in Ulster Bank to encourage people to do the direct move as opposed to the switcher process? The switcher process is obviously more labour-intensive from the bank's point of view and its agenda is really to get out of town as quickly as possible.

Ms Elizabeth Arnett: Our agenda has always been to execute our withdrawal in a phased and controlled way. The switcher process starts with the new bank, the receiving bank, but we have provided very clear information in our letters and brochures and on our online hub for customers. I believe our brochure was provided to the committee. We are very clear about the journeys that are available to customers and we are very clear with customers about the pros, issues and steps associated with their type of account so that they have the information and can go to the other service provider and make that choice.

Deputy Pearse Doherty: Last year, the Central Bank wrote to Ulster Bank to set out its clear expectations. Earlier this year, the director of consumer protection in the Central Bank, Colm Kincaid, said that banks are not where they need to be. Just yesterday, Ms Howard attended a round table discussion for CEOs. It is clear the Central Bank does not believe that the banks are up to scratch, in terms of where they need to be. Ms Howard, as CEO, decided to pull the trigger to issue 120,000 letters telling individuals that they need to close their accounts despite all the evidence across the banking sector - she does not operate in isolation here - indicating that we are not ready. Does she accept that was a mistake at this stage?

Ms Jane Howard: I will tell the Deputy where we are up to with our customers. About 70% of our customers choose to do their banking digitally using either mobile or online banking. Those customers can open an account at another bank of their choice and of course there are other financial institutions beyond the three traditional banks. They can do that online whenever they want.

Deputy Pearse Doherty: Can I just ask a question? I do not contest the figure of 70% of people banking online or digitally. Many people will do transactions digitally but would Ms Howard agree that a large proportion of people, far more than 30%, open a bank account in-branch? The numbers provided to the committee from other banks which have seen accounts opened in recent months, such as AIB, show that a large proportion, not 30%, of accounts are opened in-branch? There is a difference between setting up a direct debit online and actually opening up a new bank account. I say that because I think it is a false narrative to suggest that the fact that a large proportion of the population banks digitally means it is so easy to open an account. The statistics, and the reality on the ground, show that nearly one in two people go into a branch to open an account. They are not ready.

Ms Jane Howard: Customers have got a choice as to where they want to open an account - we absolutely advocate that. There is no doubt that there have been some hotspots where we have seen long times for customers to get an interview in a bank, but they are hotspots. We are also seeing good momentum. The other banks are recruiting people and trying to get up to speed so they can cope with the volume. The hotspots are there but we have good lines of communication with those banks and they are being dealt with. From next week, we will have people in our branches from other financial institutions so that if a customer wants to open an account with them, there will be further help and support for our customers in doing so.

Deputy Pearse Doherty: What happens six months after the letters that were issued on 13 April? Is it the case that these people will be frozen out of their bank accounts if they have not switched? They will not be able to withdraw money from an ATM, or pay standing orders and direct debits; is that not the case?

Ms Jane Howard: We have given customers six months notice. We are not just sending one letter. We will contact them to remind them of the action and to support them through what they need to do to open a new bank account and to close their account with us. At the end of six months, which we think is plenty of time and goes well beyond the requirements, we will be putting a no-transactions marker on.

Deputy Pearse Doherty: Okay. Thirty days after that, Ulster Bank will issue them a cheque if they have any money in their account. Is that correct?

Ms Jane Howard: That is correct.

Deputy Pearse Doherty: I refer to customers who have overdrafts. We are in the middle of a cost-of-living crisis, as I am sure Ms Howard is aware. Many families are pushed to the pin of their collar. What will happen to customers with overdrafts who have not dealt with them by that point?

Ms Jane Howard: We have already reached out to our customers who have overdrafts. Many of them are already starting the journey to arrange a new overdraft with another bank. We are already putting supports in place for the customers who are struggling in some way financially. We will support those customers when the time comes.

Deputy Pearse Doherty: What happens in six months plus 30 days when the bank has frozen them out of their account, closed it and issued them a cheque if they have any money left, and there is an overdraft on the account? Will Ms Howard inform the committee how many Ulster Bank customers have overdrafts and give the average on those accounts? What does the bank do? Will it send it to a debt collecting agent?

Ms Jane Howard: We have told the committee before how much support has been put in place to help customers get on to reperforming status-----

Deputy Pearse Doherty: But there will be customers who cannot pay their overdrafts. What will Ulster Bank do?

Ms Jane Howard: We will support them. On the overdraft, I want to talk about the support that we have put in place and that we continue to put in place-----

Deputy Pearse Doherty: Sorry. People are out there saying that they are finding it difficult to pay their electricity bill and are really struggling to put food on the table. Inflation is at

7%. Ulster Bank is withdrawing and they have been loyal customers. They have an overdraft of €2,000 and their account has to be closed by September or October. The kids will be going back to school then. What will happen to them because they know their finances do not add up and they will not be able to close the overdraft which is what was stated in Ulster Bank's letter. I want to know what is going to happen from Ulster Bank to those individuals who will not be able to deal with their overdrafts at that time. Ulster Bank will have closed their accounts and frozen them out. What will happen to those customers? What does Ulster Bank do? It has a process which is not in any of its Q&As so what will happen?

Ms Jane Howard: For customers who are struggling, we would do exactly what we do today. We have a department in the bank that helps customers who have challenges and are in financial difficulty. That will not change. We will continue to support those customers even at that time. But for anyone-----

Deputy Pearse Doherty: So they will not have an account in the bank but they will still have an overdraft from the bank. How does that work? The account will be closed.

Ms Jane Howard: They will have to have got a new account.

Chairman: I am alerting the Deputy that his time is up. Ms Howard may continue.

Ms Jane Howard: Those customers will open a new account-----

Deputy Pearse Doherty: I am talking about customers who have not opened a new account who have an overdraft. Ulster Bank has closed their account on them in six months. What happens to the overdraft?

Ms Elizabeth Arnett: When we looked at this first we identified a number of customers who are heavily dependent on the overdraft and we have already reached out to those customers. Some 70,000 of our active current account customers have an overdraft facility. If there is any customer in that situation today, we would like to talk to them now. We have been very clear on the six months' notice and the 30 days but we have also been very clear that if customers require additional support for whatever reason-----

Deputy Pearse Doherty: We know that. With respect, what happens? We know the supports. Ms Arnett wants to talk about the supports. I want to talk about what happens to the individual who cannot clear their overdraft, and has not closed their account. We know that Ulster Bank will close their account after six months and issue them a cheque 30 days after that if there are any funds. I am asking for clarity and honesty from the bank about what it will do to the individual who has a €2,000 overdraft and by then has not opened a new account or closed their account. Ulster Bank has closed their account. What is happening to the debt? Because they will have an overdraft on an account that no longer exists.

Ms Elizabeth Arnett: I have said that in cases of customers who require additional support, that may mean extra time. It may not mean extra time but it may mean additional support from our debt support unit. We will deal with such customers on an individual basis. We want to be very clear that the six months is a real deadline, but we will deal with customers who require additional support which may require extra time. If there is anyone listening to this who is concerned about that, now is the time that we will engage with them to get those issues resolved. There is a suite of measures that we can put in place. They can be looked at on an individual customer basis to see how best to support that customer. It is not in any of our interests to leave a customer adrift in a situation like that and it certainly is not our intention.

Deputy Pearse Doherty: Maybe Ms Arnett can inform the committee of what that suite of supports is at a later stage because none of the bank's customers know what they are.

Deputy Ged Nash: My first questions are for the representatives from KBC. Then I will put some questions and observations to both KBC and Ulster Bank. Will Mr. Jansen or his colleagues tell the committee what will happen with KBC's tracker mortgage accounts?

Mr. Frank Jansen: The tracker mortgage accounts form part of the transaction that we have agreed with Bank of Ireland. If we receive the approval of the antitrust authorities, they will be part of that transaction.

Deputy Ged Nash: That is being managed in the context of the Bank of Ireland transaction, pending the approval of the Competition and Consumer Protection Commission. How many tracker mortgages does KBC have on its banks at the moment?

Mr. Frank Jansen: There are a little over 14,000 tracker mortgages.

Deputy Ged Nash: I have a general question on the account migration process. KBC has told the committee it expects that process to be completed in 14 months. That is the timeline on which it is operating. What happens to a KBC current account that has not migrated by the time it finally exits and completes its withdrawal? What happens to legacy accounts? If there are accounts that have not migrated to another financial institution, what happens to the money in those accounts?

Mr. Frank Jansen: We have a very intensive communication worked out and we are finalising it. We will communicate intensively with our customers to avoid exactly what the Deputy is describing with regard to leaving customers behind. This is absolutely not our intention. We will engage throughout that six-month notice period. We will engage on a very regular basis with the customers to keep them aware of the fact that this notice is out there, and to see what we can do help them. There is a lot of communication going to all our customers. We will write them a letter and we will also provide them with booklets with all of the actions they need to undertake so there is a very extensive support process put in place to make sure that customers have the information, have the time, and can take the actions they need to move their current account. This is the main purpose of what we are doing in this process.

We are committed to supporting our customers and this is a process we are starting now. We do not have experience with this very large change of customers. I remind the committee that in our case we are talking about some 52,000 customers, the large majority of whom are digitally enabled. We do believe they have the capability.

Deputy Ged Nash: Mr. Jansen made clear what the process is in his opening statement and I thank him for that. We understand that. With regard to legacy accounts, if a person does not transition to a new financial provider what happens to that money?

Mr. Frank Jansen: In the transaction with the Bank of Ireland we have both agreed that after a period of time when all of the accounts have been closed - and we have not yet set the precise time for that - the remaining current account positions will be transferred to the Bank of Ireland and they will make sure going forward that if a customer comes to claim the amounts, these are returned to the customer.

Deputy Ged Nash: KBC anticipates as part of the proposed agreement that Bank of Ireland will take responsibility for that resource and for those accounts.

Mr. Frank Jansen: Yes.

Deputy Ged Nash: I believe it is fair to say that KBC Ireland is in a hurry to leave this market. We were all stunned when KBC announced that, essentially, it was giving customers three months to close their accounts, to deal with everything that is involved with switching or closing an account, and to move to a new provider. We know from the experience of bank customers in the market that even under normal circumstances this can be very challenging. I note that KBC has agreed to extend this period by another three months. Did the Central Bank instruct KBC to do that or did KBC make that decision itself? We had discussions with the Central Bank when it appeared before this committee in early April. The Central Bank put on the record that it did not believe the exiting or the receiving banks were in a position at that point in time to properly execute this process. Will Mr. Jansen be clear to the committee: did the Central Bank ask KBC to extend the period? Did KBC make that decision itself or in consultation with the Central Bank?

Mr. Frank Jansen: When we proposed our initial plan, we still needed to start the execution of that plan. We proposed our initial plan and we worked out a scheme that we thought could work in that timeline. We should not forget that we also have issued pre-notices to customers. Three months before we were to issue the notice period we issued pre-notices to customers. We talked to our community. We talked to the Central Bank. We also got input from other stakeholders and we decided to change this period from three to six months.

Deputy Ged Nash: Was it KBC that decided or did the Central Bank ask KBC to do that?

Mr. Frank Jansen: It is never too late to make a right decision.

Deputy Ged Nash: It is a straight question. Did the Central Bank instruct, or at least ask, KBC to extend the period?

Mr. Frank Jansen: The Central Bank did talk to us about this 90-day deadline, yes.

Deputy Ged Nash: And they asked KBC to extend it.

Mr. Frank Jansen: We discussed it with them, yes, but we also discussed it with many stakeholders.

Deputy Ged Nash: My concluding series of questions are directed to both institutions. Mr. Jansen indicated that KBC spoke to a number of stakeholders when it was considering the execution of this process. I am assuming that the bank engaged fully with the staff representatives in the Financial Services Union to discuss how this process was going to work, and to discuss training requirements and redeployment requirements. Is that the case?

Mr. Frank Jansen: If one is talking about the engagement with our staff, we have an internal engagement model that has been working for us for the 40 years we have been in this market. It is a very intensive engagement process. I believe that the majority of our colleagues are very happy with how this works. We have a very active employee council. There is wide representation on the employee council representing all the parties in the different activities and departments in the bank. We talk to them on a regular basis. I have been appointed as CEO of this bank for a week now and I spoke with them last week. It is extremely important to keep a very close contact with the employee council. That is how we agree things between us, the bank and the staff. It works very well.

Deputy Ged Nash: That is an internal employee council. It is not an independent trade union.

My next questions are for both institutions. I am concerned, as are other members, about the position whereby people may have difficulty switching and opening new accounts in the context of direct debit payments with utility companies and so on. Will the witnesses from Ulster Bank and KBC talk the committee through what kind of engagement they have had with the utility companies and the regulator in this space? There is potential for huge difficulty and especially at this time when, as Deputy Doherty described, people are experiencing great demands on their household budgets. People are being put to the absolute pin of their collar and the last thing they need is the prospect of missed direct debit payments for bills for electricity, gas, TV subscriptions and telephone services. Will the bank representatives talk the committee through the processes they both engaged in with the utility companies and the relevant regulators?

Ms Jane Howard: I will start and then I will ask Ms Arnett to complement this answer. We engaged with the direct debit originators. We looked at who our customers pay direct debits to, and we identified the top 20 of those. We then called them in. We also engaged with the direct debit originators through Banking and Payments Federation Ireland, BPF, and it was also a topic of discussion with the Central Bank yesterday. Ms Arnett will speak about the actual engagement model we had.

Ms Elizabeth Arnett: We started this very early because we could see there was a role for us and a role for the receiving institutions, but in between there are the direct debit originators. We ran a press campaign to advertise that we were having engagement with direct debit originators. We could clearly see from our data what the larger 20 are but there are many more that may not feature in a top 20 list. We advertised publicly in the press and we held a briefing session. We learned a lot from that around the challenges direct debit originators would have. We had a very good dialogue with them, and in particular I would mention the Department of Social Protection. We have a very proactive engagement with that Department, which is now on a weekly basis. The Department has set up an online tool where, in real time, a person can change his or her bank account details. Some 10% of pensioners in receipt of a pension from the Department of Social Protection have already used that. This is not surprising to us because we outreached to those customers and encouraged them to move early.

It has been a useful dialogue for us to have from the very outset. We have also seen evidence of direct debit originators that we had not engaged with directly and who received the message. Some pension funds, for example, have been proactively reaching out and letting people know that if they are Ulster Bank customers they need to give the companies the details. Other direct debit originators such as alarm companies and so on have also been very proactive in this space. We cannot do enough in continuing that dialogue and reinforcing it because this is where there could be a real point of pain for customers if we do not have that process as smooth and as easy as we can.

Customers are also giving us feedback on certain service providers to let us know if they cannot find the link on their websites and if it is difficult. We are engaging with direct debit originators to give them that feedback to try to smooth the process, so as to influence it as best we can from our perspective. The BPF is very engaged in this space as well.

Mr. Frank Jansen: I will skip the industry efforts because we are also part of the Banking and Payments Federation Ireland and involved with that process. I ask my colleague Mr. Len-

non, who has been engaged in the industry engagement process, to talk a little about this.

Mr. Darragh Lennon: Similar to Ulster Bank, we have reached out and publicly advertised and held an industry event whereby all of our top 20 direct debit originators were invited. We had a much broader attendance than that at the actual event, at which we shared in detail our plans and numbers, when we expected notices to issue to customers, what supports are there for customers and so on to try to give them a picture as to what the timing might look like from their perspectives. We have then had numerous bilateral engagements with different direct debit originators since that event where they have asked us to share some more detail, perhaps, about our plans or to look individually at our customer base and see where customers might sit.

We have engaged with the Department of Social Protection as well, which is obviously a big one because there is a process to be gone through for customers there in terms of changing social welfare. That is an important process for customers as social protection payments are incoming payments and it would be a very difficult situation if that was not done correctly. Similarly, through the BPFII there are weekly engagements with the BPFII and the direct debit originators. It is a large group of direct debit originators there. We continue to be part of that and will continue to engage.

Deputy Ged Nash: I have one final question. The banks had a round-table meeting with the Central Bank yesterday and, as I said earlier, both Mr. Colm Kincaid and the Governor of the Central Bank made it clear to the committee a few short weeks ago that they did not believe the exiting or receiving banks were ready to execute this process in a customer-focused way. When the banks met Central Bank officials yesterday, did the officials tell them they now believe the banks are ready or do the officials believe the banks have some way to go yet before the industry more generally is ready?

Ms Jane Howard: It was a very constructive meeting yesterday. I thought all parties found it constructive. It is fair to say we all agree we should have those meetings on a more regular basis going forward as we start to support our customers with their actual movement in much bigger volumes. The recognition is there is good momentum right across the industry. It goes beyond the five banks and it is very important for us that it goes beyond the five. There is good momentum but it is also fair to say there is more to do. We have alluded to that already. There is ongoing work with direct debit originators. We all need to do that through the BPFII and also through the Central Bank of Ireland. Given the scale here, we will inevitably see some challenges arise but trying to get ahead of those by working together is the order of the day and everybody was committed to doing that yesterday. It was a very welcome meeting and I am sure there will be more of them.

Chairman: I call Deputy Tóibín.

Deputy Peadar Tóibín: Go raibh maith agat a Chathaoirligh agus míle buíochas le gach duine a tháinig isteach agus as a gcur i láthair freisin. I will start by detailing an experience a constituent had with KBC. The constituent has been in mortgage distress. It is shocking that we are in another housing bubble and housing crisis when the people who suffered from the last housing crisis are still suffering stress with their banks in terms of-----

(Interruptions).

Deputy Peadar Tóibín: The case involves a hard-working family who had part of their

debt warehoused under KBC-----

(Interruptions).

Chairman: Deputy, we are not hearing you.

Deputy Peadar Tóibín: Okay. The Chairman may wish to continue with another member and I will come down to the committee room and participate then.

Chairman: We move to Deputy Jim O'Callaghan.

Deputy Jim O'Callaghan: I thank the management of the two banks for coming in. What is going to happen to the respective companies? I ask Mr. Jansen what is going to happen to happen to KBC Ireland plc. Does the bank intend winding up that company?

Mr. Frank Jansen: It probably will be wound down but of course we have commitments to work out our contingent liabilities, as we call them, and we will do that. We will take the time to do that and then ultimately close down the company, yes.

Deputy Jim O'Callaghan: Does Mr. Jansen have an awareness of when the company will be wound up?

Mr. Frank Jansen: There is no hard timeline for that yet.

Deputy Jim O'Callaghan: Okay. Mr. Jansen mentioned, I think to Deputy Nash, that Bank of Ireland will be assigned the interest in certain accounts. Does that mean it would be the entity to issue proceedings if KBC has any bad debts from customers?

Mr. Frank Jansen: There is an agreement on how problem loans will be dealt with and there is a difference between who will deal with it and who is accountable for it. We keep on being accountable for everything that happens before the migration. The migration timeline is still to be defined but we remain accountable for everything that happens before. Obviously, Bank of Ireland will take accountability for the things that happen after the migration.

Deputy Jim O'Callaghan: Let us then say I owe KBC €5,000 today and do not repay it by the time my account is closed. Who will institute proceedings against me? Will it be KBC or Bank of Ireland?

Mr. Frank Jansen: It depends on whether that debt is part of a transaction with Bank of Ireland. We are transferring a number of customer products, both deposits and loans, to Bank of Ireland. It depends on whether this is part of the transaction. If so, it will be managed by Bank of Ireland.

Deputy Jim O'Callaghan: If my debt comes within that section of the baggage that is being sold to Bank of Ireland, that bank will come after me and, if not, then KBC Bank plc will still come after me.

Mr. Frank Jansen: Bank of Ireland, just like KBC Bank, will talk to you and see what it can do to help you solve that debt case.

Deputy Jim O'Callaghan: Yes, but ultimately, even though KBC will have departed the Irish market, Mr. Jansen still envisages situations where KBC Ireland plc may be instituting proceedings against former customers.

Mr. Frank Jansen: We have been asked to close our open liabilities before we leave the market and that is what we are going to do.

Deputy Jim O'Callaghan: I ask Ms Howard the same initial question. What does Ulster Bank intend to do with Ulster Bank Ireland DAC?

Ms Jane Howard: The plan is that the legal entity will remain. It is highly likely to be under a different trading name. The key thing then is the banking licence. We will be working to hand the current banking licence back but exchange it for a different one to manage the debts that still need to be managed.

Deputy Jim O'Callaghan: I apologise; I did not hear the first part of Ms Howard's answer. Did she say Ulster Bank Ireland DAC will ultimately be wound up or is the intention to keep it going as a company?

Ms Jane Howard: In effect, it is highly likely the legal entity remains-----

Deputy Jim O'Callaghan: Yes.

Ms Jane Howard: -----under a different trading name and then we would have a different banking licence.

Deputy Jim O'Callaghan: Okay. Taking my previous example again, if I happen to owe Ulster Bank €5,000 today and a year from now that has not been repaid and my account is being closed, Ulster Bank Ireland DAC, or an entity under a new trading name, will still be the entity to institute proceedings.

Ms Jane Howard: Yes. We will still be working with customers to help them, whether it is to restructure in some cases or repay the debt.

Deputy Jim O'Callaghan: While I am with her, I think Ms Howard stated that to date 120,000 letters had been issued by Ulster Bank. Is that correct?

Ms Jane Howard: Yes.

Deputy Jim O'Callaghan: Furthermore, she said she hoped all customers will have been written to by the end of September.

Ms Jane Howard: Yes.

Deputy Jim O'Callaghan: On the six months, is that a rolling period such that if Ulster Bank writes to me today, I will have until November?

Ms Jane Howard: Yes, it is a rolling six months. It is on a phased basis.

Deputy Jim O'Callaghan: Let us say Ulster writes to me and I decide not to avail of the switcher process and do not do anything - I know the bank may be critical of customers who do not respond to its correspondence - what will happen to my account? Will Ms Howard take us through that?

Ms Jane Howard: To go back, we started choose, move, close and some customers have acted as a consequence of that campaign and then we get the formal letter. This is about getting the right balance between too many communications and the right number of communications. Once a formal letter has been sent, we will continue to communicate to customers to understand

why they have not taken action and see how we can support them. However, it is ultimately in the best interests of everybody and especially customers to find a new bank. We do not want people to be left in a position where they do not have an account. It is not in our interest and it is definitely not in our customers' interests, so we will be encouraging everybody to get on with the journey once we send the letter. We will put what we call a no-transaction mark on the account at the end of the six months. I suspect that will also prompt customers to contact us, and if they are on their journey, we will be flexible in that time to help them complete that journey. We believe six months is enough but some people do not act, perhaps, until that no-transaction mark is applied. After one month, we will send the customer a cheque for his or her remaining balance, but we would hope most people will have acted.

Deputy Jim O'Callaghan: What will happen if they do not cash the cheque?

Ms Jane Howard: If they do not cash the cheque, the outcome will be similar to, but slightly different from, what the CEO of KBC just outlined. We have entered into trustee agreements and, therefore, we would hold that money in trust for the customer until he or she claimed it.

Deputy Jim O'Callaghan: What will happen if customers do not claim it?

Ms Jane Howard: The process will be the same as is in place today. Over a period, we close dormant accounts and the money goes into the fund.

Deputy Jim O'Callaghan: Which fund?

Ms Jane Howard: I will have to revert to the Deputy with the exact name of the fund.

Deputy Jim O'Callaghan: If the bank has departed the country, will the money still come back into the State fund?

Ms Jane Howard: Yes, after a certain number of years it goes back into the State fund and that will still happen in exactly the same way as today.

Deputy Jim O'Callaghan: Will that remain the case even if the bank does not have a licence here at that stage?

Ms Jane Howard: Yes, because the funds will have been transferred into the trustee account, which will hold it in trust for the customer for the relevant number of years before it is then transferred into the dormancy fund.

Deputy Jim O'Callaghan: What is the bank's final date after which it expects no further transactions to take place on any Ulster Bank accounts in Ireland?

Ms Jane Howard: Ideally, that will be the end of March 2023, when everybody will have had their six-month period.

Deputy Jim O'Callaghan: Is there any leeway on the part of Ulster Bank in respect of that period? Might it be more appropriate, if circumstances develop, to have some flexibility to extend it?

Ms Jane Howard: I think six months is ample time. In fact, we have had some criticism that we are giving too much time, but we believe it is the right length of time.

Deputy Jim O'Callaghan: Who has criticised the bank in that regard?

Ms Jane Howard: Some customers and others. We are all different. Some people act quickly and others do not. Some people believe the period is too long but we believe it is a reasonable time to allow people to move their account. We will continue to review it weekly, as we do now. The industry is working together, through the BPFi and others, to ensure that as we send the letters, there will be sufficient capacity for our customers to be able to open their accounts.

Deputy Jim O’Callaghan: Mr. Jansen might answer the same question. What is the final date on which he expects KBC to operate any bank accounts in Ireland?

Mr. Frank Jansen: By my calculation, that will be at the end of August 2023. I might add, as I said earlier, that this is a learning process. We have said we will be flexible and take into account the needs of our customers. We will learn how this works. We will give six months to our customers and adapt the volume of customers to whom we will give notice as a function of what we see happening through the cycle, if I may call it. We have not set a fixed date. We have a plan that leads us to the end of August next year, but if we see that it does not work or that there is a problem, we will try to resolve that. If needs be, we will adapt the timing of the notice periods and the number of customers to whom we will give notice throughout the period.

Deputy Jim O’Callaghan: One of the concerns of this committee is that there may be a certain degree of chaos as a result of the transfer of accounts and the impact that may have on direct debits and standing orders. Does Mr. Jansen have any concern about the position in which customers of utility companies will find themselves after the date on which the bank exits the market?

Mr. Frank Jansen: I do not think that will be an issue after we exit the market because we expect that by that point we will have supported the 52,000 customers to find a new home, and that includes taking care of the payments and direct debits they need to make.

Deputy Jim O’Callaghan: Does Ms Howard have any concerns about it?

Ms Jane Howard: As we said, we have engaged with the direct debit originators individually through the BPFi and it was also discussed at the Central Bank of Ireland, CBI, session yesterday, and our ongoing work with them is critical to ensure this will be as smooth as possible. We will continue to meet them regularly.

Deputy Jim O’Callaghan: I thank our guests. I was going to raise an issue relating to a member of the public who contacted each member of the committee but, in fairness to Deputy Tóibín, he has started raising that person’s issues, so I will leave that to him.

Deputy Peadar Tóibín: Míle buíochas. I thank the Chairman and apologise for the interruption. The case in point relates to a family who got into arrears during the property crash. They were a customer of KBC and their arrears had an arrangement made for them whereby a good chunk of the debt was warehoused. The family are not rich, by any means. They live modestly and both parents work very hard in an effort to pay down their debt. They feel it is unlikely they will be able to pay the warehoused element of the debt in full. They have heard, and it is a widespread feeling, that Bank of Ireland will be far more aggressive regarding the warehoused element and will treat the customer in a different manner from how KBC has treated them until now. They fear they will reach a point when they are in retirement, when their income will be low, and their property might be sold, or forcibly sold, from underneath them, leaving them in a very difficult position given rents are incredibly high.

This creates a number of questions for both exiting banks. What is the volume of accounts in debt or arrears they have each sold on to the remaining banks?

Ms Jane Howard: I apologise but I do not quite understand the question.

Deputy Peadar Tóibín: I refer, for example, to mortgages that have an encumbered element, whether in arrears or where debt has been warehoused. How many people have a similar experience to this family?

Ms Jane Howard: I might try to structure that in the context of our exiting and how we are dealing with customers who might be in difficulty. Would that work?

Deputy Peadar Tóibín: I am looking for a quantification of this issue.

Ms Jane Howard: We do not have customers whose accounts we have sold to other banks. As for what we are doing now, assuming the transaction is approved by the competition authority to PTSB, we made a deliberate decision that we would try to get customers who are in financial difficulty onto a reperforming basis in order that they could go to PTSB with their account deemed to relate to a reperforming loan, and that has been very successful. In two of three cases, we have been able to work with them, which is broadly in line with what we were seeing even before Covid and throughout Covid. We have been able to get them onto a reperforming basis and we have found those customers have been able to stay on that. They will go to PTSB, subject to competition approval of the transaction, as part of that loan sale.

We are in exclusive talks with AIB in regard to the other side of the mortgage business, but we are looking to put exactly the same in place. We will put customers' accounts onto a reperforming basis and they will travel to AIB, subject to that being binding or to getting competition authority approval. This is so important because it means we will get as many customers as possible onto a reperforming status, and we will then have to deal with customers whose accounts are not performing. Ultimately, we will have to make a non-performing loan sale, but we did not want to do that until we had given everybody the chance to reach reperforming status-----

Deputy Peadar Tóibín: Ms Howard referred to two of three accounts. What is the total quantity?

Ms Jane Howard: I would have to revert to the Deputy with a number-----

Deputy Peadar Tóibín: Roughly.

Ms Jane Howard: It would be a number at a moment in time because it changes regularly.

Deputy Peadar Tóibín: The bank might provide that information in a note to the committee.

Ms Jane Howard: I am more than happy to share that with the committee. Broadly, it is important for anyone experiencing issues to please contact us because we find that when people contact us, we can help.

Deputy Peadar Tóibín: The accounts that are reperforming are not likely to be written down in any element when they are sold on to PTSB. Is that the case?

Ms Jane Howard: We have worked with those customers who were in difficulty and have

applied different measures. In some cases, we have had to write down some debt to get them onto a reperforming basis, we might have extended the term or we might have done something with their interest rate. We have used various tools to help them get onto a reperforming basis.

Deputy Peadar Tóibín: Has the bank offered those write-downs to customers directly before their accounts have been sold on?

Ms Jane Howard: I would not describe them so much as a write-down. We look at the entirety of the customer's circumstances. Age is taken into account, given we all have only so many years yet to work. We look at where they are and what they can afford to pay and we use different tools to see how we can get the customer to a performing basis at an amount they can afford to pay each month so they can remain in their home. It might a term extension or some element that they can find some cash from a relative and we can share-----

Deputy Peadar Tóibín: Some of them are being written down to the customer in advance.

Ms Jane Howard: We do that in a small number of cases where the customer-----

Deputy Peadar Tóibín: That is a positive.

Ms Jane Howard: -----does not have the funds and has gone to extreme lengths to try to do their best. It is a partnership.

Deputy Peadar Tóibín: I might ask Mr. Jansen about this as well.

Mr. Frank Jansen: I am grateful for the example that is being given because we have been able to work out a solution with that family and that is what we try to do. We try to provide a solution to people who are in difficulties. This is a performing loan and the performing loan, together with the warehoused part, is part of the intended transaction with Bank of Ireland. Let us not forget that we still need that approval from the antitrust authorities. It is good that the loan is part of this transaction with Bank of Ireland because Bank of Ireland steps into our shoes and the legal structure we are using is technically called a part three. It steps into our rights and obligations when taking over this portfolio so it will respect the engagements we have agreed with those customers.

Deputy Peadar Tóibín: I would like to get an understanding of proportions and figures from the witnesses. I understand that the intended deal with Bank of Ireland is to have a significant write-down element. Is it about €183 million out of a €10 billion loan? If not, what is the figure for write-downs in that intended deal?

Mr. Frank Jansen: We have not defined the final agreement for the non-performing loans but the case the Deputy is talking about is not a non-performing loan; it is a performing loan.

Deputy Peadar Tóibín: The key element is that there are many families, farmers and business people in this country who have invested their blood, sweat and tears in the development of their farms, businesses or homes and when they engage with a particular bank, it will often allow for a write-down of the loan to happen when it is sold on to another financial institution but it will not offer the same deal to the family itself. The family could be looking to do that exact deal that is intended to be done with Bank of Ireland but that is being refused to the families. As late as yesterday this particular family indicated that this is what it wants to happen at this juncture because it is considerably worried that by the time its loan gets sold on to Bank of Ireland, the bank will still push it for the full amount of the contract it is in. This is despite the

fact that Bank of Ireland will probably have experienced some level of write-down on the debt already in the transaction. I want to ask Mr. Jansen straight out if KBC will allow customers to experience the same level of write-down in loans that it is intending to give to Bank of Ireland in the transaction.

Mr. Frank Jansen: There is no write-down for performing loans in the transaction. The case the Deputy is describing is a performing loan because the non-warehoused part is being paid according to the capabilities of-----

Deputy Peadar Tóibín: Is there no write-down to the customer or to Bank of Ireland?

Mr. Frank Jansen: There is no write-down anywhere.

Deputy Peadar Tóibín: Is Bank of Ireland taking on a particular loan that has a chunk that was warehoused with the high possibility that the warehoused element will never be paid back and not receiving any benefit for that at all?

Mr. Frank Jansen: It is taking over the book with the whole position, including the performing and warehoused parts. We have specifically included these type of loans in the transaction with Bank of Ireland because they are responsible people and in transferring those cases to Bank of Ireland our customers will find the right home for their needs. We are always happy to engage with any customer to help in any way we can.

Deputy Peadar Tóibín: There is a perception among customers that different financial institutions have different cultures in how aggressively they pursue loans. Mr. Jansen has said he expects Bank of Ireland to fit into the same shoes for each of these contracts. Is there any information from the remaining banks that they will commit to upholding the same culture in how these accounts have been treated previously?

Mr. Frank Jansen: We have had no discussion on that with Bank of Ireland but it is a reputable institution and it is stepping into our shoes. It is regulated in the same way all of us are so I assume that it will do the right thing.

Deputy Peadar Tóibín: Assumptions for families that are stressed, given they are in a state of flux with the debts that hang over their households, are very difficult.

Mr. Darragh Lennon: If the individual customer wants to engage with us, I ask the Deputy to share the details with us. We would be happy to engage.

Deputy Peadar Tóibín: I would be happy to share that. I thank Mr. Lennon for that.

Deputy Mairéad Farrell: Gabhaim buíochas leis na finnétithe as teacht os comhair an choiste. A number of my questions have been asked, which is unfortunately the way sometimes when you are late to ask questions in a committee meeting. I have two key questions that follow on from questions that have been raised. First, Deputy Jim O'Callaghan spoke about accounts that are inactive and then become dormant. I understand that what was being said was that once these accounts are inactive, they go into a trust and it takes 15 years for an account to become dormant and then revert to the State. Are the witnesses saying those moneys will be kept within that trust for 15 years?

Ms Jane Howard: They will stay within the trust for 15 years as per the regulation and then they go into the Dormant Accounts Fund.

Deputy Mairéad Farrell: The other question I had was on overdrafts. I understand that the follow-up from that was that the entities that would be looking to pursue those outstanding moneys would be new ones with different banking licences. Is it the case, therefore, that under no circumstances would those moneys be transferred to debt collectors?

Ms Jane Howard: The first thing is that customers have current accounts and then they have a product on them called an overdraft. For our customers who have an overdraft, the vast majority have good credit and there is no reason they will fail to get a current account with an overdraft with another financial institution. That is the first and most important point.

As Ms Arnett alluded to, there are some customers, whom we have been early in reaching out to, who we know are in some financial difficulty. We are already working with those customers to try to restructure that overdraft for them. In some cases they perhaps should have put it onto a personal loan earlier. For example, they might have built up an overdraft that should be on a personal loan and is reducing over a number of months and years and so we are helping them out. Again, if anybody is listening who is in financial difficulty I ask them to please reach out to us. We are reaching out to our customers and we ask them to reach out to us as we are here to help. This should not stop these customers getting a new current account at another bank, even if they have some challenges with their credit capabilities that mean they would not get an overdraft. In those circumstances we will still help those customers with our people who have specialist skills in helping customers in financial difficulty. That work will continue. Is that clearer? Customers can still get new accounts but the overdraft is a product. Most people should be able to get exactly the same product but for those who cannot we are here to support them.

Deputy Mairéad Farrell: I thank Ms Howard and I understand what she is saying about other accounts and so on. For absolute full clarity, say, somebody does not engage or whatever, and does not have a different account, I take it that will not go to some kind of debt-collecting agency.

Ms Jane Howard: Ultimately a time will come when we will have to sell our non-performing loans, and that may well include the overdrafts, but the priority right now is helping customers to get their finances in order and in the right shape and that is what we will continue to do.

Deputy Mairéad Farrell: Of course, I understand that is Ulster Bank's priority. The point is that is obviously an issue of concern if Ulster Bank is selling that on. How long will it be before Ulster Bank sells those non-performing loans?

Ms Jane Howard: That is unlikely to happen until late next year. For now, we are reaching out to those customers. We are actually making quite good contact with them but if anybody is out there in financial difficulty, the quicker they talk to us the quicker we can help and support them.

Deputy Mairéad Farrell: We would hope that is a situation where nobody falls under this circumstance and Ms Howard is correct to use the committee to put out that plea to people to engage. If there is a situation, as Ms Howard is saying, by next year, does she know when next year? Will it be a full 12 months from when the bank is fully closed? Will it be before that? What form would the sell-off of non-performing loans take?

Ms Jane Howard: Our priority at present has been getting the customers into reperforming and dealing with the transactions that we have got under way, whether that is the sale to AIB

and PTSB or dealing with the latest book to AIB, which is not yet a binding agreement. We have not yet started the work in terms of the non-performing loans, overdrafts etc. That has been deliberate.

Deputy Mairéad Farrell: I fully understand that. As a finance committee, we need to look at the issues that could arise. Obviously, it would be in everyone's interest that that does not happen but it will be a matter of concern for us if it is a situation where some do not. It can be a situation realistically that there will be at least one person affected by this, if we are to be frank and honest about that.

Ulster Bank has not started the process of looking at how or when it will sell those non-performing loans. It could be less than a year, I suppose, from when it is closed.

Ms Jane Howard: It will not be this year. It is likely to be next year. That has not been the biggest priority. The priority has been in dealing with the other asset sales.

Deputy Mick Barry: I will pick up where Deputy Mairéad Farrell left off there.

So as I am clear on what is being said here, I take from the last exchange the following: a time will come when they have to sell non-performing loans, those loans can be sold to debt collection agencies and that is unlikely to happen until next year. This is one of the stories of this hearing so far. One would not know it to look at the profits of the banks but there is a cost-of-living crisis in this country. Working people and people of low-to-average and even somewhat higher-than-average incomes are under the cosh. They are under the cosh with rising prices in the supermarkets. They will be under the cosh with rising interest rates not too far down the road. It is clearly the case that there are not one or two cases, or one or two dozen. There, inevitably, will be a significant number of customers of their banks, I put it to Mr. Jansen, who will not be able to clear their overdrafts within the timeframe that the bank is allocating to them.

Are we given to understand now that at a certain point next year those loans Ms Howard described as "non-performing loans", will be sold on and that one of Ulster Bank's options is to sell them to debt-collection agencies? Could we have clarification from representatives of both banks on that point?

Mr. Frank Jansen: We have not decided on the finality of this. I would like to reiterate we have approximately 6,000 overdrafts. I refer specifically to overdrafts. These overdrafts are largely performing. We will be looking with customers to find a solution. Maybe Mr. Lennon can go into a little more detail.

Mr. Darragh Lennon: It is important for us. Relatively speaking, we have a small number of overdrafts. We have 6,000, of which only 1,500 are used. We feel that we are well positioned to work individually with any customers who are not in a position to repay those given the low numbers involved from our own perspective and that we will be able to find solutions for those customers given those relatively low numbers.

Ms Jane Howard: If I could go back a step, in October of last year we started to reach out to customers who have a heavy reliance on an overdraft facility. We think there are approximately 1,000 who may have some difficulty in repaying their overdraft balance within the six months. Those are the customers to whom we have been talking to understand how can we help them. In some cases, as I said a moment ago, it is about restructuring it onto a reducing loan. It may be that customers can afford it but having the structure of a repayment actually helps people to

get that debt down. That is what we are focused on at present in terms of helping our customers.

I reiterate that the vast majority of customers are good for credit. If you are good for credit, even in times where it is difficult, you can still get an overdraft facility or, if it is more appropriate for you, a loan to help you through. We are reaching out to those customers. We will support them. That is the priority right now.

Deputy Mick Barry: I thank the witnesses. My follow-on question is, given that representatives of both banks have indicated that the numbers that might be involved in this scenario are on the lower side, something that I am not fully convinced of given the cost-of-living crisis and the financial pressures bearing down on ordinary people at present, can we get a guarantee from the representatives of each of the banks at the committee here today that non-performing loans will not be sold on to debt collection agencies?

Ms Jane Howard: I said earlier we are only starting to look at the non-performing loans and next year, when we come to sell those, we will consider all the options and come back and let the committee know where we get to, as we do in the ordinary course of events. We will update the committee as we progress.

Mr. Frank Jansen: It is our intention to support our customers in this process to find a new home for their current accounts. For those 1,500 customers, as Mr. Lennon indicated, who are more active users of the overdraft, we think that there is a solution possible. We will work with them. We will listen to them and see, if there is really a need, how we can help them to repay those overdrafts ultimately. Then we will, indeed, see how we will deal with that going forward. We have not decided anything because we believe that those customers in most cases will be able to repay their overdrafts or find a new overdraft with a new current account provider that is linking up with their financial needs or both.

Deputy Mick Barry: I will move on from that particular line of questioning. I note that when I asked the question about debt collection agencies being ruled out, I did not hear the word "Yes" from either of the representatives of the two banks. I will move on. This is again a question for the representatives of each of the banks. Their mortgage books are being transferred but credit cards and current accounts are not. Will they explain to the committee why this is the case?

Mr. Frank Jansen: In our case the credit cards are also moving to Bank of Ireland as part of the transaction with that bank.

Ms Jane Howard: In our case the credit cards are not included.

Deputy Mick Barry: Sorry, I meant to ask about current accounts.

Mr. Frank Jansen: The current accounts are part of the discussion we had. We are giving customers choice as to where they want to take their current account. It was not included in the transaction.

Ms Jane Howard: It is the same for us. The customers have a choice as to where they have their current account. We have three traditional banks and many other providers who offer a type of current account. This is a choice for people and we will support them whomever they choose to bank with.

Deputy Mick Barry: I suspect that many observers might say it has less to do with cus-

tomers choice than making decisions that are profitable for the banks.

I have limited time so I will move on to the issue of the shedding of jobs and the closure of branches. I am not speaking about the future but about what has happened in the past. It seems this is making it more difficult to be able to carry out this unprecedented volume of account switching. I know some emergency steps have been taken to bring staff into assist with it but I think the banks have been hampered in their efforts by the extent of job shedding in the past. I am interested in the comments of the witnesses on this.

Ms Jane Howard: As part of the transactions we have agreed with AIB and PTSB, we are looking to protect hundreds of jobs, with 282 going to AIB and approximately 450 going to PTSB. This is a very important part of the reason we did the transaction with these two banks. In terms of where we are today, we have recruited additional people to support our customers. We have no issues with being able to meet the demands of our customers.

We are increasing our resources. Another very important dimension in our case is that we have upskilled people so they can help our customers, whether they come into the branch or call us. We can guide those customers who may want to transfer or open a new bank account online. As I said earlier, and I do not know whether the Deputy was there, with effect from next week we will have representatives of other banks and credit unions in our premises who will be able to support customers with opening an account. This is another very important step forward in supporting our customers.

Mr. Frank Jansen: We have seen a reducing volume of sales since the announcement. We have redeployed quite a number of people who were previously involved in sales to support our transactions and our customers with moving their accounts to other banks. We have staffed up substantially our contact centre and operations department with people to support the expected increasing volume of accounts being moved and closed. As I explained earlier, of those 52,000 customers who need to find a new home, 97% are digitally active. We will provide a solution to customers in the third quarter of the year, from August, so they can close their accounts digitally and make the process even easier.

Deputy Mick Barry: Any serious strategist will hope for the best but prepare for the worst. The witnesses have expressed their hopes they will be able to carry out these changes in the timeframe outlined. There are serious observers, including in the Central Bank and on the committee, who are doubtful the process can be completed within the timescale. The question then arises as to what happens in that scenario. I have been clear and unambiguous. I believe in that circumstance the Central Bank will need to intervene to stop the banks from leaving until such time as the needs of the customers have been catered for. What is the position of the witnesses on this question? They must accept there is the possibility they will not reach the deadlines. What is the plan in that circumstance?

Ms Jane Howard: There is no doubt this is one of the biggest, if not the biggest, movement of accounts in Ireland. I absolutely acknowledge that. The way we have set out the plan is tranced and phased. It gives customers six months and end to end the period is approximately 18 months. As part of this plan we have built in continuous reviews. We will look at what is happening. There is good momentum. The other banks are recruiting resources. The challenge is that we do not know what customer behaviour will be like. We do not know whether customers will act when they get the letter or whether they will leave it to the last minute. We will keep it under continuous review. We will take appropriate action to help our customers to move once they receive the letter. If they do not do this we will review it and see what action

is necessary at that time.

Mr. Frank Jansen: From our perspective, as I said, our customers are our customers as long as they are our customers. We will support them. We have put in place a timeline. We have already shown we are flexible when putting it in place. We will continue to be flexible. We think it is a realistic plan. We will put a lot of support in place. We will make sure there is sufficient communication and explanation for our customers as to what they have to do in the process. We will help them with this. We will deliver a booklet with all of the product features and what they will have to do. We will give them a list of their direct debits and standing orders. We will support them in what they will have to do. We will follow up with customers. As Ms Howard said, it is a very important process that has never been done before. If I was on the other side, I would be very happy to take those customers. We have good customers. I would be very happy to see an opportunity to take on additional customers. I am sure the industry, An Post, credit unions and fintech companies will be very eager to take our customers.

Deputy Mick Barry: Mr. Jansen did have the opportunity to have those customers and he chose to leave those customers behind. There is real pressure on them as a result of this. No doubt the committee will engage again on this in the months ahead. A key takeaway of the discussion we have had so far is the indication from the banks that they will at a certain point next year sell non-performing loans. They have not given any guarantees to the committee that those loans will not be sold to debt collection agencies. In a cost-of-living crisis where people have been put to the pin of their collars, that is very concerning news. The debate and discussion will continue. I will leave it at that.

Chairman: I call Deputy Durkan. We are now into extra time. We were due to meet the other banks at 3 p.m.

Deputy Bernard J. Durkan: I know. I thank the Chairman. I apologise for coming to the meeting so late. I had other commitments all day.

Like the Chairman, I have had ongoing engagement with all the banks in respect of outstanding debts, impaired debts and so on. With one or two exceptions, the banks have been willing to talk. That is helpful in the circumstances that prevail. The banks that are being discussed today have always been courteous. They continue to be so. That is the way it should be because Oireachtas Members act as third-party supports. Certain concession have to be made. We have to be mindful of that, particularly in the context of contacting the borrower without alerting the third party, even though that third party is registered. I acknowledge that.

I refer to the issue raised by Deputy Tóibín. Is it common for banks to write off debt and make a tax concession application for so doing?

Ms Jane Howard: Is the Deputy referring to where bank customers are in financial difficulty?

Deputy Bernard J. Durkan: Yes.

Ms Jane Howard: Typically, there are several things we do to help our customers in financial difficulty. It has mainly been mortgages, if I am being honest. I am referring to the personal book. It starts with understanding their financial position. In some cases, customers may have a significant amount of equity in their home and could trade down. In other circumstances, customers may have other funds available and we can reshape their debt. We may also write a little bit down to acknowledge that they have as well, and meet what they are doing. In other

cases, we find that the term is not right. We consider the term and may extend it. There are several things we do, but it is very much on a case-by-case basis. We have some customers who have done everything possible to try to keep up to date with the debt, and we can help them. Other customers, however, may be less willing to find a way to repay their debt. In every case, however, we consider the customers, take them through a case clinic and examine what we can do to get them onto a repayment programme that works for them and keeps them in a home they can afford to be in. That has been incredibly successful. That is the way we have looked at it.

I cannot comment on the tax side. I do not think it is a tax issue, but I am more than happy to take that matter away and revert to the Chairman on it.

Deputy Bernard J. Durkan: I ask Ms Howard to do so because I have been through all these issues with various banks from time to time and my understanding is that banks make tax claims in the event of write-offs of debt or, in other words, under a bad debt heading. That has traditionally been the case and I presume it continues. It is not peculiar to any one bank; it applies to all banks. In the event of an impaired debt being passed over to an incoming bank, such as the warehousing of debt in this particular case, it is important to know whether a tax concession was sought in respect of the part of the debt that was warehoused or that did not live up to expectations through the repayment period. For instance, sustainability becomes a significant issue, but that is sustainability as determined by the banks. The customer has to be part of this as well and his or her needs have to be considered, no matter who he or she is. I am referring to a specific case. In that case, the borrower stated in the context of KBC that there was reference to allowing customers who have fully co-operated to settle their debt, etc. According to the borrower, at the price it was agreed to sell to Bank of Ireland, there would be no financial loss to KBC in what he or she is seeking. I contend that is a reasonable statement, particularly if a tax concession was sought in respect of any part of that debt when it was written off, regardless of to whom it was written off. Our guests from KBC may wish to respond quickly on that issue.

Chairman: I ask our guests to keep their responses short as we have run out of time.

Mr. Frank Jansen: There is no tax consideration in the transaction of the sale of the mortgage loans.

Mr. Darragh Lennon: We would have to understand the details of the individual case to comment on it.

Deputy Bernard J. Durkan: I am making a general comment on the matter. The borrower has put it down on paper and asked a question that has already been pursued by Deputy Tóibín. The borrower is willing to do his or her best but will not be able to maintain the full debt, for whatever reason. The debt has been sold, probably at a discount, and, because of that, the borrower is asking for sympathetic consideration.

Mr. Frank Jansen: As Mr. Lennon stated, we would be most happy to discuss with the individual customer his individual needs and situation. I propose that we take that away and then, on an individual basis, see what we can do for that customer.

Deputy Bernard J. Durkan: I would be grateful for that. I will pursue the matter again because I also received a letter from the family concerned. Just like the Chairman, I sat at a table with representatives from the various banks in recent years. Some were sympathetic; others were not. I will not mention any bank in particular. Suffice it to say that in the context of those who were not, I had the doubtful pleasure of watching people cry their eyes out

in front of a bank in the clear knowledge that they were getting no help from the bank. I am not accusing any of those who are present of that. I will not attribute it directly. I am taking that into account. I wish to state emphatically that the banks that lent to people on the basis of the prevailing circumstances at the time have a moral duty to ensure that when circumstances change, it is not just the circumstances for the borrower that change; it is the circumstances for everybody. Given that there was wide-scale over-lending throughout the country, ending up in a financial crash, there is a significant responsibility still on lenders to acknowledge the plight of borrowers.

There is little time remaining in this session.

Chairman: There is no time left. We are in extra time.

Deputy Bernard J. Durkan: All my life, I have been in injury time. There are several issues to which I wish to refer quickly. I would have thought it be very simple, once the customer agreed on the bank or lending entity to which they wanted their funds transferred, for the selling banks to meet the incoming bank electronically and transfer the account and have done with it, whatever the facilities were.

A matter that needs to be considered is the extent to which overdrafts, as opposed to debit cards or credit cards, are available to the customer when transferring. I would have thought that whatever facilities the customer had with his or her previous bank for a long number of years would transfer with the accounts and that it would not be necessary for the customer to start from scratch and make new applications. I am aware of the difference between the interest rates applicable in relation to overdrafts when compared with credit cards. It is a huge difference. My point is that a little more flexibility in relation to overdrafts would be hugely appreciated by bank customers who may be borrowing.

I am looking at other things here that I had written down-----

Chairman: We are over time.

Deputy Bernard J. Durkan: -----that I do not think we have time for. I would like an opportunity at some early stage to raise these in the future. I will finish off by simply saying-----

Chairman: We will bring the Deputy in early in the next session.

Deputy Bernard J. Durkan: All right.

Senator Maria Byrne: I thank the witnesses for their presentations. I was upstairs earlier so I listened online. Most of the questions I had have been covered. There are one or two questions I would like to ask. I wish to support the family that wrote to every member of the committee. I know Mr. Jansen gave a commitment that the bank will correspond with or meet the family. I believe a number of people are in a similar situation and fear losing their homes. It is important to stress that. It is also important that they be given a level of service and commitment. I am glad Mr. Jansen has committed to that.

I am a customer of Ulster Bank. I recently went to the bank to work out how to close my account. It is fine for me because I am computer literate. I was able to email my different direct debits and change them over. All of them have changed quite smoothly, bar one, on which I am still trying to communicate. However, a number of older people are very afraid. When they go to the bank they are told they need to do this themselves. That is not right. Somebody must be

made available to help these older people because many of them have never used a computer. They have never had to do these kinds of things themselves. I would like a commitment that the different branches will look at helping and supporting older people, especially in respect of transferring their direct debits, because it is not easy to do so if you do not know what you are doing. I also visited the bank to which I am transferring and that has been a good experience. The committee will engage with representatives of those banks later. It is important to get the message out that KBC and Ulster Bank will help, especially older and more vulnerable people.

What will happen with those people who have not come forward or have ignored the letters? They have stayed loyal customers of both banks. They did not ask for the banks to leave; the banks chose to leave. What will happen with those customers? There are quite a few of them. Between the two banks, a couple of hundred thousand customers have not engaged. I would like a response on that, please.

Ms Jane Howard: In terms of the older customers, absolutely we should be supporting them. I do not know if the Senator was upstairs when I said that from next week we will have representatives of the other banks in our branches. We have had credit unions take us up on the offer to be physically present in the branch. That is very important because that is where the accounts for those customers can be opened and we can help them to move. Digital is not right for everybody. In fact, we acknowledge that encouraging older customers to do that digitally could be putting some of them at risk. We want to support them in the right way, face to face. That is why we have invited financial institutions into our branches.

My colleague will address the Senator's other point.

Ms Elizabeth Arnett: We have not written to all of our customers yet, so that would be the first thing. We have said very clearly to customers that if they want to take action early, we are here to support them, but they do not have to take action until we write to them. On a rolling basis over the next six months, we will be writing to customers every week. That is the first piece of communication that customers will get from us. There is a series of letters and prompts planned, in line with what the customer has allowed us to do in terms of contact with them. There is a cut-off point between where communicating with a customer is helpful and where it reaches the point of badgering, for want of a better word, so we have to get that balance right.

Awareness will grow and momentum will build as regards the campaigns we are seeing from other banks encouraging customers to open accounts with them. I know the BPFi is planning a campaign and I think the Department of Finance is perhaps planning a campaign, but I am not fully *au fait* with the latter. We are seeing early-adapter customers fully going through the choose, move, close process. However, we are keeping a very close eye to identify the customers who are not immediate reactors. We will increase the communication rate with those customers in order that people take action within the appropriate time. When we get to the end of the process - the six months for customers - if there are additional requirements for customers because of a particular vulnerability, we will engage with them in line with what their specific requirements are. As we said, there is a six-month notice period, which we believe is an appropriate amount of time. The account will then go into what is called a "NoOps" where there is not a transaction on the account, but the account is still open. After that, if we still have not heard from the customer, we will return to them what is on deposit by virtue of a cheque.

Mr. Frank Jansen: I just want to add a positive note. We did a lot of stratification and analysis on customer segments. Of our 52,000 customers, about 1,000 are aged over 64. Of those 1,000 customers, 94% are digitally active. We have, luckily, a number of people who are

a little older who engage digitally with the bank and the banking system. Of course, we are committed to support customers who are in need, which is why we have put in place all of the support we have provided. We will communicate also on a regular basis during that process with our customers. We will do what we can to support elderly customers.

Senator Maria Byrne: I am conscious of the time, so I will leave it at that.

Chairman: I am sorry to have to rush to a conclusion but we are way over time. Does Ulster Bank have an arrangement with credit unions? I have seen big posters up in credit unions.

Ms Jane Howard: We engaged the whole of the industry last year to share our plans and the number of customers we had, so everyone would be very aware of how many customers we have moving. That included the credit unions.

Chairman: They are taking advantage.

Ms Jane Howard: Some have. We have had some credit union representatives in our branches already, but it is not every credit union. Some are advertising locally in some places. We have seen an awful lot of movement from the credit unions in terms of attracting current accounts.

Chairman: I have seen advertisements with the slogan, “Ulster Bank customers, come to us”.

Ms Jane Howard: That is entirely their own campaign.

Chairman: I wondered what is wrong with the KBC customers and if they will go for them as well. I have my account with KBC. The assistance provided during my first contact with the bank left a lot to be desired. I had a conversation with a bank representative named Dylan who patched up all the issues and concerns I had. I know it is a difficult job but the bank has to reach out much more, particularly to people, as Senator Byrne and others said, who are not computer literate. That is a concern for members.

Both Ulster Bank and KBC stated they have had positive engagement with the utility companies. I am glad to hear that. As members are aware, the committee sent correspondence to Electric Ireland, Energia, PrepayPower, SSE and Bord Gáis seeking a submission before 9 May. Today’s meetings are taking place to help customers and to highlight and try to deal with the issues. They are intended to be constructive and supportive of both the banking industry and customers. That way we as legislators, in contact with the regulator, become informed and have a role to play. Having written to all these companies asking for submissions by 9 May and enquiring as to their availability to attend a meeting on 13 May, in addition to a follow-up on 17 May, there was no response except from Bord Gáis, which said it would not attend but would provide a note. Today, PrepayPower responded by saying it would provide a note but would not attend. Energia said it would provide information by Friday and would indicate whether a representative would attend. I find that absolutely appalling from utility companies that have the wherewithal to deal with the issues up-front with the banks, their customers and this committee. They have chosen not to do so. That is what I take from their response. We can only reply on the witness’s engagements with utility companies to clarify matters for their customers, who may be in arrears and dealing with all sorts of problems.

Following this meeting, the utility companies should respond to the committee, make a submission and attend the committee. They are showing a disrespect to the committee and

more so to their customers and the efforts being made by this committee and Members of the Oireachtas to facilitate what is a huge transaction for banks, customers, and those depending on the system. I make that appeal now and will mention it again when the representatives of the other banks come in.

I thank our witnesses for coming in and for their contribution to the meeting. If any other issues arise, I hope they will keep the committee informed; it would help us with our work too. That concludes this section of the meeting.

Sitting suspended at 3.32 p.m. and resumed at 3.34 p.m.

Chairman: I apologise to our guests for keeping them waiting outside. In our first session today, we had a long discussion with Ulster Bank and KBC, which was worthwhile to pursue in the context of the issues. When witnesses are answering questions put by the members, they may bear in mind what I said at the end of that session. We have written to all the utility companies - Electric Ireland, Energia, PrepayPower, SSE group and Bord Gáis - to ask them about their availability to attend Oireachtas committee meetings. We also asked them for a submission and repeated that request on 17 May. Bord Gáis responded by saying it would not attend but would provide us with a note. Today, PrepayPower responded by saying it would not attend. Energia emailed us to say it would provide information by Friday. I repeat that I find that unacceptable behaviour from companies that are meant to look after their customers.

The banks that came before us, KBC and Ulster Bank, outlined what they were doing. They were looking at this from the point of view that all of us are stakeholders, namely members of this committee, banks, customers, utility companies, and others. However, the utility companies we have been dealing with have certainly not shown the same due respect to their customers or this Oireachtas committee. I again appeal to them to think about the invitation we sent and the information we asked for, and to participate fully with all of us as we try to resolve this huge transaction.

I welcome Mr. Jim O’Keeffe and Mr. Brian Nugent from AIB, Mr. Gavin Kelly and Mr. Martin McKenna from Bank of Ireland, and Mr. Eamonn Crowley and Mr. Patrick Farrell from Permanent TSB. We are also joined by Mr. Brian Hayes and other representatives of the banking industry. They are all very welcome. Opening statements will be made followed by engagement from the members. Mr. Hayes will go first. I remind witness of the note on privilege; do not name or upset anyone.

Mr. Brian Hayes: I thank the Chairman and members of the committee. It is a privilege to be here and we appreciate the opportunity to come before the committee as exiting and remaining banks. As an industry group, Banking and Payments Federation Ireland especially appreciates that. I am joined by our head of consumer banking, Ms Michelle Byrne, who has taken on a lot of responsibility in our team for many of the issues we are dealing with across this migration of accounts.

It is safe to say that the loss of KBC and Ulster Bank to the retail bank landscape in Ireland is a significant issue and challenge for the whole sector. It is a significant challenge for customers. They did not ask for or want this. We have an absolute responsibility, from the perspective of exiting and remaining banks, to make sure we deliver results for our customers over the next year as they find a new home for their bank accounts. We are very conscious of that. It is incumbent on the entire sector, including exiting banks, remaining banks, and other providers such as credit unions, An Post, and digital providers, to find solutions as we go forward.

It is a logistical challenge, but I am conscious of one other thing. It is more than just a logistical challenge; it is a reputational challenge. The industry must step up to the plate and stand up to its responsibilities across the piece over the next year or so, to make sure we get this right given everything that has happened in the past. Given our experience of the payment break situation over the past two years, where short-term liquidity was provided by our members to about 180,000 business, corporate and personal mortgage customers, there is a lot of learning we can take from that going forward in terms of what has taken place.

This is the number one priority for our organisation. We are dealing with this every day, week and month for the past year or so. The other day, representatives from the charity sector were in with us about standing orders, such as payments people make to Trócaire and other NGOs. It is a big issue for them to make sure we get it right. We will have to deal with many issues that throw themselves up as we go through this. We very much appreciate the observations of the members, given the fact that they are all front-line politicians. They hear and see people in their communities. Let us work through that as best we can. From our perspective, people and customers have to have confidence in the system that we deploy among the exiting and remaining banks. We will see a particular challenge going into quarters 3 and 4 of this year. I hope we can demonstrate our readiness to deal with those challenges.

I will not go through some of the issues we had in our submission in much detail but there are questions being raised in terms of the switching code or the alternative of choose, move, close. A customer chooses a new provider, transfers his or her direct debits and closes his or her account. We are agnostic on that. All we are saying is that different customers will choose different journeys. We have to be conscious that it is not a solution for everyone. We are very conscious that whether a customer chooses the switching model or the moving model, there are fundamental consumer protection rights along that journey which have to be vindicated by those exiting and remaining banks.

The issue of direct debit originators, DDOs, has cropped up and it is in our submission. I am conscious of the Chair's opening remarks on the readiness of the industry. We have met the top 20 DDOs over the course of the past number of months on at least three occasions. We have a good engagement with them. Their problem is our problem. It is a problem of resourcing up and making sure, from a remaining-bank perspective, that we are ready to deal with the new customers coming the way of the banks. We still have a job of work to do.

Our organisation has written to the Commission for Communications Regulation, ComReg, and the Commission for Regulation of Utilities, CRU, and we have looked for engagement there. We have raised it with our own regulator, the Central Bank of Ireland. We are very happy that our regulator has written to financial service providers within its own authority. However, there is a job of work to be done there, especially on direct debits, standing orders, recurring payments and credit transfers.

Frankly, the problem will not be opening or close an account. The problem will be in the meat in the sandwich. Effectively, that will be the transfer of all these payments from service providers and making sure that the experience is good. We reckon that approximately 7 million of these transactions emerge. If one takes an average of ten transactions per personal account and somewhere between 30 and 40 transactions per business account, one sees the scale of the challenge. Working together, we will get there, but there is a role for others to do and the example of our own regulator to follow. We would appreciate that.

Vulnerable customers are absolutely essential to get this right. Vulnerable customers do not

come with a tag on their back. They are people who may well be challenged digitally. They are potentially older people, although we should not make the mistake that older people cannot deal with some of these issues. They can. However, banks have a considerable role to play there. Our banks have very dedicated teams when it comes to vulnerable customers. They know how to escalate issues. Many of those people will want to meet people face to face. In that regard, face-to-face meetings, home calls, late-night- and weekend-opening branches are crucial.

The implementation of the assisted decision-making legislation will help as we go forward in terms of some issues of capacity. Our members have opened, since the last day of February this year, in excess of 4,000 accounts for Ukrainian refugees who have come to this country. Some 15% of the total cohort or 26% of all adults have had an account opened by our members since the end of February. That is by the co-ordinated action of the remaining banks that have worked with the industry and other agencies to make sure we got into those centres to open those accounts. With regard to communications, we launched a campaign this week on FraudSMART. It is a well-known, industry-wide campaign. There will be many attempted scams of people as we go forward. We as an industry have a big job to do in making sure we get the message out to keep our customers safe.

My last remark will be an appeal to the Chair and other members of the committee. This issue has arisen about anti-money laundering and how one opens accounts. To open an account, one needs proof of address and proof of identity. This has been raised in terms of consumer protection and Deputy Doherty has raised it publicly. Some people do not have a passport or driver's licence. One might say that is a minority example and it may well be so, but we would like to be able to open those accounts with public services cards.

We have been articulating for the past five years that we cannot do that under the current legislation. We are precluded from doing that under the current legislation. I am referring specifically to Schedule 5 to the Social Welfare Consolidation Act 2005. If the Oireachtas allowed us to open accounts with public services cards, we could deal with the cohort of customers who find themselves in this position. It would help older people who do not have the documentation to get through this. We cannot do what is illegal. It is currently illegal for us to accept a public services card. If we change the legislation, it would help. I ask the committee to take this up with their colleagues. It is not provided for in Schedule 5 to the original Bill. It is specifically precluded.

Mr. Jim O'Keeffe: I thank the Chairman and members of the committee for the opportunity to meet them today and to allow AIB, along with other representatives of the sector, to discuss what is a transformative development in banking in Ireland. They are providing us with a valuable forum to demonstrate our capacity and readiness to welcome on board customers seeking new financial homes, in the wake of the departure of Ulster Bank and KBC Ireland from the domestic market. I am joined today by my colleague, Mr. Brian Nugent, head of consumer banking. For our part, AIB is disappointed with the departure of these two banks. These exits are prompting sweeping changes that will have far-reaching consequences for the banking sector, customers and the wider economy.

On the one hand, the impending withdrawal of such long-standing institutions will undeniably have a major impact on the operations of the remaining banks. On the other hand, this will also allow us to demonstrate our capacity to incorporate thousands of new customers in an orderly, well-organised manner to ensure continuity of banking services. In this once-in-a-lifetime change to the banking landscape in this country, involving the transfer of 1 million accounts, we will do all that is necessary to ensure that customers of Ulster Bank or KBC who

choose to come to AIB have as friction-free and seamless an experience as is possible.

A strong, well-functioning banking system is essential to the lives of households, businesses and individuals. It is especially critical in these times of stress and we deeply appreciate the reverberations of three severe economic shocks - Brexit, Covid and latterly, the war in Ukraine - in our customers' lives. However, it is perhaps worth recalling the flexibility employed by the bank at the outbreak of the Covid-19 pandemic when, over a very short period, we reshaped our operations on scale to provide almost 80,000 payment breaks and kept our branches open, even as 80% of our colleagues were obliged to work remotely.

Today, the task of managing a smooth and efficient switching programme does not just concern the remaining banking providers and their staff. It also extends to a broad range of critical stakeholders. It involves the exiting banks, Departments, the Central Bank of Ireland, employers, utilities, service providers, insurance companies, and any third party who benefits from the regular transfer of money from a customer account. We must work together with a co-ordinated, planned approach to safeguard against confusion and to streamline the flow of customers into their new providers. With 245 group branch locations and three call centres, AIB Group is already immersed in preparing for the arrival of hundreds of thousands of customers seeking not just to open new accounts, but to begin new financial relationships with the bank.

On that basis, we are allocating appropriately high levels of resources through the redeployment of 300 existing staff and the recruitment and training of an additional 700 temporary staff solely for the task of welcoming new customers. We are also investing major resources in enhancing our digital capabilities to allow customers open new accounts online as part of our leading digital offering. We are especially conscious of the necessity to support vulnerable customers through the change process and we have put in place a dedicated helpline for those who may need extra help opening a bank account with AIB. I can assure the committee that whatever additional resources are necessary will be put in place to talk to and guide vulnerable customers with their switch to AIB.

On any given year, AIB opens 250,000 new accounts. This year alone, we have opened more than 130,000 accounts for customers. These data include non-Ulster Bank and non-KBC customers. We offer two main account opening options. The first is remote via our mobile app. This provides a convenient and efficient means of opening an account that, depending on the complexity of the customer needs, can be completed in approximately 20 minutes. The second is in person at any one of our branches, which takes approximately 60 minutes to complete. In support of customers in locations where demand is particularly high, we have increased the number of appointments available by offering weekend time scheduling. In tandem with this, we have also adapted our digital account opening process to facilitate greater ease of access for customers. To avoid any unnecessary anxiety, it is important that customers bear in mind that their accounts in their existing bank remain open while they proceed with the establishment of a relationship with the new provider.

The transition of 1 million current and deposit accounts, involving many millions of direct debits and standing orders, is unprecedented. It is a major lift for the sector and disruptive to a large swathe of customers. However, as I mentioned at the start, if all of the stakeholders are part of a coherent plan, we will protect the customer and prove the remaining banks are flexible, robust and organised to convert this challenge into an opportunity.

I thank the members of the committee and I look forward to the discussion.

Chairman: That was a great sales pitch.

Mr. Jim O’Keeffe: I will take that as a compliment.

Chairman: That is what the public want to hear. They want to hear what is on offer, do they not? I call Mr. Kelly.

Mr. Gavin Kelly: I am grateful for the invitation to address the committee. I am joined by my colleague, Martin McKenna, who is head of operations in the bank in Ireland.

The banking sector in Ireland is currently experiencing a period of unprecedented change, with two banks exiting the market. In regard to this matter, we have ongoing engagement with the Central Bank of Ireland, our representative association, Banking and Payments Federation Ireland, BPF, and with other banks to ensure consumers are as clear as possible as to the steps they need to take to navigate this change.

In preparation, we have responded with a range of supports to assist consumers seeking to open new bank accounts. This includes 500 additional personnel with roles in account opening and operations teams, contact centre teams and mobile support teams based across the Bank of Ireland branch network. We are also providing step-by-step guides for consumers, a dedicated phone line and an online hub. To further ensure consumers are aware of the range of supports in place, we have also recently commenced a consumer awareness campaign on TV and radio, in print and on social media.

So far this year, Bank of Ireland has opened double the number of personal current accounts when compared with the same period in 2021. We anticipate an ongoing high level of demand for new accounts over the remainder of 2022 and into 2023. Seven in ten accounts are currently being opened via digital channels, and customers also have the option of meeting a branch adviser or calling our account opening team to assist them through the process. We have also recently launched a booking system for both business and personal customers to arrange an appointment with their local branch. We are continuously working to improve our customer experience and customer service. In response to the additional demand already being experienced in our call centres, 100 of the 500 roles outlined earlier will be based in these teams, with more than half already in place.

There will, of course, be some customers who need additional support to change account provider. Our vulnerable customer unit is a centre of expertise within the bank and provides support to customers and their families who find themselves in vulnerable circumstances or situations, including age-related or cognitive impairment, financial abuse, addiction or illness. This unit is currently also supporting displaced Ukrainians who need banking services, including guidance on transferring assets and assistance in opening a basic bank account.

In providing excellent customer service, we also must follow certain legislative and regulatory requirements when opening accounts, for example, to prevent criminality and money laundering. These requirements are in place to protect consumers, the financial system and society as a whole from the negative consequences that can arise from abuse of the financial services system. As a result, any Bank of Ireland representative involved in the account opening process receives formal training across these and other areas to ensure compliance with legislation and regulation. New staff members also spend a period of time shadowing experienced subject matter experts before they are deployed both to ensure compliance and to help them better assist consumers who have queries about the account opening process.

As we look to the second half of 2022, and as the Central Bank mentioned when it was recently before this committee, it will be difficult to predict consumer behaviour during this transitional period. We are, therefore, carefully monitoring our data for any trends and spikes so we can consider how best to tailor our services. Account switching is not just a simple transaction between the exiting and receiving banks. It involves utility companies, payroll units within businesses, Departments and agencies, such as the Department of Social Protection and the Revenue Commissioners, and many other service providers. Since the implementation of the payment services regulation, direct debit originators, including utility companies and telecommunications providers, are now responsible for updating their customer account details on existing direct debit mandates. This means some direct debit originators will not accept instruction from third parties, such as exiting banks, and will only accept instructions to change bank account details from the customer. The engagement and commitment of the wider business community in Ireland is, therefore, vital to ensure full preparation and minimise consumer inconvenience.

Bank of Ireland has moved swiftly to put a range of supports in place for consumers and will continue to do all it can to make this process as smooth as possible. As a full-service retail bank with a 239-year heritage, we are committed to serving the needs of our customers and the Irish economy for the long term.

Mr. Eamonn Crowley: I am joined today by my colleague Patrick Farrell, who is the retail banking director at Permanent TSB, and we both look forward to the discussion with the committee.

The exit of two banks from the Irish market is an unprecedented event in the history of Irish banking. I want to assure the committee that we at Permanent TSB fully appreciate the importance of this challenge and the need for us and the wider industry to meet it. At Permanent TSB, we have five key priority areas of focus to ensure we can support customers, colleagues and communities through this seismic change. These priorities are as follows: safely integrating more than €7.6 billion of mortgage home loans, business loans and credit facilities into our business over the coming months; supporting customers in transferring their banking relationship to Permanent TSB in as smooth and straightforward a manner as possible; preserving jobs and welcoming 450 new Ulster Bank colleagues to Permanent TSB later this year; maintaining our support for local communities by enhancing our branch presence in 25 communities throughout the country, increasing our presence in close to 100 locations nationwide; and continuing to serve and support hundreds of thousands of our existing customers and the provision of home loan mortgages and small business finance into the Irish economy.

There is no more important priority for Permanent TSB this year. Over the past 12 months we have deployed hundreds of colleagues across the Bank to ensure we meet these objectives and deliver for our customers, colleagues and communities. When it comes to account switching, in the first four months of 2022 we opened three times as many current accounts as we did in the same period last year. It is clear many Ulster Bank and KBC customers have already decided to switch bank sooner rather than later, and we are delighted we have been in a position to facilitate all those customers who have already chosen Permanent TSB as their new bank.

I want no one to doubt how important this is to us and how seriously we are taking it. We have always been big promoters of switching and competition. That is clear from our success in growing our share of the mortgage market steadily over the past decade. It is clear in the ambition we have displayed in our agreement to acquire €7.6 billion in Ulster Bank residential mortgage and SME assets, and 25 Ulster Bank branches in communities across Ireland, which

signals our intent to be an even stronger competitor in the Irish retail and SME banking market in the years to come. It is clear from our success in outperforming the market for attracting current account switchers from banks that have departed in the past, such as Halifax and Danske, where we overindexed by way of attracting customers to Permanent TSB.

Nonetheless, the simultaneous departure of Ulster Bank and KBC represents a switching challenge of a much greater scale. In particular, Ulster's current account and deposit account base is far more sizeable than those of banks that have left the market in the past. Switching a banking relationship to a new provider also needs to be considered in the context of the individual needs of customers, in addition to the extensive documentation requirements relating to anti-money laundering for both personal and business customers with which banks must comply. The scale of change and personalisation requirements together create complexity. It creates risk and it creates a requirement to scale up our infrastructure to cope with an unprecedented volume of account switchers.

That said, our plans are well under way in this regard. That is why we have hired approximately 350 additional colleagues to the bank since July last year. Over the coming months, we will also be hiring another 400 colleagues to support the job of welcoming all these new customers and getting them what they need: access to our app, new online banking logins, new cards, new PINs and re-establishing all the payment instructions that underpinned salaries going into their accounts and bills and other payments going out. It is why we will run a major customer awareness campaign to make things as easy as possible and let people know what they need to do. It is why we have reorientated our branches throughout the country, our web channels and our telephone channels to get new customers through our physical and virtual doors and settled in quickly with their new accounts set up. It is why we are putting teams on the ground in the communities of the 25 Ulster Bank branches that we will be acquiring, ensuring that we can support these customers in transferring their accounts to their new local Permanent TSB branch. We are also consistently monitoring customers' feedback to ensure that we can improve the experience. Vulnerable customers are also top of mind for us and it is vital that the departing banks identify their vulnerable customers and work with us to provide the necessary supports required to assist these customer in transferring their accounts. We are enthusiastic about making this significant investment. It is necessary, and it demonstrates how much we want the business of Ulster Bank and KBC Bank customers.

However, leaving aside all the investment we are making, the scale of the challenge means the success of this switching exercise will depend on many more parties than Permanent TSB and the other banks that are represented here today. Account opening is only the first step in the process. It will require the support of the country's utility providers and other direct debit originators, such as the energy suppliers, the broadband and telephone companies and every business whose customers use direct debits to pay their bills. They will have a huge role to play in quickly and efficiently processing customer requests to change direct debits from their old bank to their new one and cutting out the difficulties that a missed payment would cause for a customer. It will require the support of our regulator, but it will also require the support of policymakers and legislators such as members of the committee. All parties must work together to minimise disruption for customers, removing as much as possible of the customer workload involved and facilitating greater efficiency in transferring millions of payment instructions from the departing banks over to the Irish banks that are going to stick around and support the customers who are leaving those banks.

To reiterate, our priorities are as follows: to safely integrate over €7.6 billion of mortgage

home loans, business loans and credit facilities; to support customers in transferring their banking relationship to Permanent TSB; to preserve jobs and welcome 450 new Ulster Bank colleagues to the bank; to maintain our support for local communities by enhancing our branch presence and growing it from a current 75 branches to almost 100 branches; and to continue to serve and support hundreds of thousands of existing customers and the provision of home loan mortgages and small business finance. I assure the committee of our commitment to making the customer journey to Permanent TSB as simple and stress-free as possible. We look forward to continuing to welcome thousands of new customers to a bank with a deep community heritage and customer service ethos. However, without an ecosystem of support, with all parties prepared for this unprecedented challenge, there is a significant risk for customers and for wider society. It is imperative that we all work together to ensure the safe passage of hundreds of thousands of customer loans, accounts and long-standing banking relationships.

Chairman: Thank you, Mr. Crowley. In recruiting the numbers, whether it is a permanent or temporary position, do the banks have a policy on employing someone with a disability? There is a 3% target or more in government. Do the banks focus on that in their recruitment? When I see those numbers, it might be an opportunity for someone who wants part-time work and who has the ability to get in there. I am just drawing our guests' attention to the need for enterprise in this country to focus on employing people with disabilities.

Mr. Jim O'Keeffe: We do not have a stated percentage to which we are working but, and I am sure it is the same in the other organisations, we have a very strong focus on diversity and inclusion. It is a very good point to raise in terms of that opportunity as we reach out here.

Chairman: I presume it is the same with the other banks.

Mr. Eamonn Crowley: It is a tight labour market. It is hard to find resources. We have no restrictions in that regard, although we do not have a percentage target either.

Mr. Gavin Kelly: We are the same. People feeling included and being able to come into work regardless of their circumstances are very important for us. When one thinks of the service we provide, it is important that our workforce represents the communities we serve. That is an important part of our plans and strategy when we recruit people.

Chairman: Is recruiting done centrally or within each bank?

Mr. Gavin Kelly: It is a mix of local recruitment, central recruitment and also working with partners to recruit people. As Mr. Crowley said, it is a very tight labour market at present so we are looking at all means to recruit people, particularly to support this initiative.

Chairman: Okay. I call Deputy Doherty.

Deputy Pearse Doherty: I welcome our guests to the meeting. We have a lot to get through; I hope we get through as much of it as possible. I thank them for answering the questions in the questionnaire. That is very helpful.

I will turn to Mr. Hayes to give us the real scéal. All the banks' representatives have told us how wonderful they are doing in terms of providing resources to customers. With regard to the average call waiting times, in Permanent TSB it is four minutes, it is two minutes and 53 seconds in Bank of Ireland, one to ten minutes in AIB, 21 seconds in KBC Bank, which is topping the league, and 50 seconds in Ulster Bank. However, the Central Bank carried out an investigation and said that the longest call waiting times in some of the retail banks were unacceptably

high, with customers waiting over two hours in some cases, and that some telephone lines had an abandoned rate of over 50%. I can speak of that from personal experience, as a person who was on the telephone for over an hour with one of the banks, and I will not mention which. Eventually I hung up because I was so frustrated. Then there is the number of customers. How is it that all the banks' representatives are telling this committee that they have waiting times as little as in the seconds when the Central Bank is telling us that in some cases it is in the hours?

Mr. Brian Hayes: I noted the Central Bank report. Looking at the report, the data the Central Bank was taking it from predated the information that the members gave the committee. I suspect that is for a number of reasons. The banks routinely look at the waiting times involved. As I understand it, most of the data set, and I cannot recall the exact date, was around the time when those call centres, like every other call centre in the country, were affected by staff who were out because of the Covid situation or who were affected by the disease itself. I think the Deputy is referring to data that are somewhat historical *vis-à-vis* the data in the questionnaire that came back to the committee.

That said, we have a huge job to do here. I heard the Deputy say earlier that digital is one thing, but call waiting time is another. We are in this a month at this stage. There is a massive ramping up of resources now, either through deployment within the banks or new recruits, and I believe the Deputy will see those waiting times come down, as he has in terms of the data back from the bank. The bank is also doing a survey later this year, so it will be a matter for it to describe the waiting times to the Deputy and the public at that stage. However, we have to do better.

Deputy Pearse Doherty: Why did Ulster Bank not transfer its deposit accounts to Permanent TSB? Hundreds of thousands of customers are in a terrible situation where they have to switch, find their direct debits and deal with all the issues. Why were they not just transferred as part of the transaction with Permanent TSB?

Mr. Eamonn Crowley: I am on the record as saying that we wanted that to happen. We tried our best to negotiate that outcome, but we could not find agreement in that respect. It is probably a question for Ulster Bank. Given our position in the Irish market and our competitive position, it is something we wanted to achieve in our ultimate transaction but we could not reach agreement with the bank.

Deputy Pearse Doherty: Was it possible to do it?

Mr. Eamonn Crowley: Yes, we believe it was possible. It would have challenges but I believe those challenges would be smaller than the overall challenges we have ended up with as an industry. There would have been challenges between the two organisations to achieve that. However, it takes two to tango and we could not reach an agreement. Believe me, from my position, the competitive position and the strategic and financial position, that is exactly what we wanted to achieve.

Deputy Pearse Doherty: I can understand why Permanent TSB would take that position. Obviously, Ulster Bank is heavily concentrated in different regions-----

Mr. Eamonn Crowley: Yes.

Deputy Pearse Doherty: -----including in my county, and Permanent TSB will be opening four new branches in Donegal.

Mr. Eamonn Crowley: That is correct.

Deputy Pearse Doherty: Unfortunately, one will close. Is there not a big concern that if deposits do not flow into those branches, there will be an issue with their viability in the future? Permanent TSB is buying buildings and loans, but it has no deposits in any of those branches.

Mr. Eamonn Crowley: One could argue there is an Achilles heel in our transaction deal. We have committed to taking over 25 branches without customers. It is our intention to try to attract customers to those branches. Naturally, in the Deputy's constituency, we would love his help to try to make that happen but I appreciate that it may not be possible. We want to try to retain the customers that are in the Ulster Bank branches. It is a risk, however,

Deputy Pearse Doherty: We do not want to be dealing with a situation a couple of years down the road where we find that customers did not migrate to those branches, and then there is a question in terms of closing branches at a future point. What is Permanent TSB doing specifically with regard to those 25 branches, as opposed to trying to attract as many customers as possible? Has it got a specific marketing or target advertisement in respect of those customers?

Mr. Patrick Farrell: Yes. Starting from next week, we will be putting staff members into 22 of the 25 branches. We have got agreement with Ulster Bank to go into 22 of the 25 that are involved in the transaction. We will also be going into 32 of its other branches throughout the country. We will also be supporting that with five mobile branches, which we will be putting on site to support customers.

We will be looking at footfall in the various towns in the Deputy's constituency. Obviously, he has Buncrana, Ballybofey and Killybegs as well. We want to make sure that we are actually in the right place at the right time to support the customer to move across by putting staff in branches and having extra space for mobile branches. We are going to be communicating on the ground and advertising locally to try to encourage customers to come and join us. On the Deputy's point, we want them to be viable, vibrant businesses going forward in order that we can stay and support those communities.

Deputy Pearse Doherty: I appreciate that. Some of it will be helpful. One of the consequences of KBC and Ulster bank withdrawing from the market, which is obviously a terrible thing for consumers and for the footprint of banking in the State, is the reality that many of the loans involved will be transferred to Bank of Ireland and Permanent TSB. Many of those are fixed-rate loans. When customers come off the fixed rate, Ulster Bank charges higher rates. There is a big difference at this point, for example, in an Ulster Bank loan that is transferring to Permanent TSB. Ulster Bank's fixed rate, at its lowest, is 2.2%. Permanent TSB's is 2.8%. What signal, if any, can Permanent TSB send to the customers involved? We expect the European Central Bank, ECB, to increase interest rates, possibly by 0.5%. Given the high rates Irish banks already charge, is there any view that they will absorb some of that ECB interest rate increase for these customers? In reality, Ulster Bank and KBC were offering the lowest fixed rates on the market.

Mr. Eamonn Crowley: Obviously, we are not planning to take on €7.6 billion of loans to lose them all in a refixing scenario, if the Deputy understands. We are taking these customers on to retain them. As part of taking on those customers, we are conscious of the rate differential. For instance, our standard variable rate for a Permanent TSB customer is lower than that for an Ulster Bank customer. Customers on a standard variable rate in Ulster Bank will, therefore, benefit from a lower rate.

Deputy Pearse Doherty: Most customers in this environment will be looking to fix their rates.

Mr. Eamonn Crowley: That is fine. I am just stating a fact; that is all. In that respect, we will be examining our rate. We have fixed rates on offer. It is absolutely our intention to retain Ulster bank customers who join our book, not lose them to other players. We will adjust our rates accordingly.

With regard to the interest rate environment, we will just have to see how that evolves. We can see that non-bank players are actually increasing their fixed rates whereas the banks are not at this moment. That is a differentiating factor in the market. It is our intention to retain those customers.

Deputy Pearse Doherty: I will ask the same question of Mr. Kelly because the same pertains to KBC, which is offering lower fixed rates than Bank of Ireland. For somebody who has received a letter, closed his or her account and transferred and whose fixed rate period may be coming to an end, will that person be hit with increased mortgage costs at a time when the ECB is likely to increase the rates in the coming months?

Mr. Gavin Kelly: I thank the Deputy. Obviously, this is still subject to approval so I will comment in that context. From our perspective, we are working very closely with KBC to bring across mortgage customers, deposit customers, credit cards and loans. One of the really important parts is protecting customer rights and ensuring that they come across in the terms and conditions. We are working to make sure that if a customer in KBC is coming across, he or she is coming across on the fixed rate he or she is on today. It is really important to say that. Those customers will come across. They will not have to do anything as that mortgage comes across and they will get that fixed rate they have.

It is difficult to commentate or speculate on future rate changes. We have a very competitive proposition in the market. We have a number of products available to customers, whether they want a cashback facility or want to choose one of our green mortgage options. However, I would not speculate on future ECB rate changes or what might happen with rates when they do come in.

Deputy Pearse Doherty: If somebody moves from KBC today and opens an account with Bank of Ireland, and his or her fixed rate is coming to an end tomorrow, he or she will be worse off. That person's mortgage is going to increase as a result of being with Bank of Ireland.

Mr. Gavin Kelly: What we do-----

Deputy Pearse Doherty: Is that not the reality? Forget about what the ECB is going to do in the future. That is going to make things worse. From Mr. Kelly's point of view, I am asking him whether any consideration has been given to trying to absorb some of the increases the ECB is looking at implementing or actually addressing the bank's fixed rates, which are quite high - extremely high in the context of Europe - and recognising that the bank is benefiting from these loans and from customers putting their deposits in. The bank is consolidating its footprint.

This is every Christmas rolled into one for the banking sector. We have two banks withdrawing, as bad as that is. This is good news for AIB and Bank of Ireland and, to a lesser degree, Permanent TSB. They are now monopoly players. They are now dominant in the banking sector and it is bad for consumers. That is a good example of how it is bad for consumers because more competition would mean those individuals would have cheaper mortgages than

they will have now when they transfer to Bank of Ireland.

Mr. Gavin Kelly: To reiterate, as KBC customers come across when, hopefully, the transaction is approved, we will work very closely with KBC to migrate customers across safely on their existing terms and conditions with their rates protected. It is very important to say that.

Second, I believe we have a very competitive product range in the Irish market today, which is important. We recently launched new propositions for different cohorts of mortgage customers. As a result, I think we have a very strong range of products available in the Irish market today. I cannot speculate on what is going to happen in the future. At the moment, rate changes are speculation.

Deputy Pearse Doherty: Perhaps Mr. Kelly will not speculate on this either, but KBC has a large proportion of warehoused mortgages. We have dealt with this in the past at different committees in terms of different banks' approaches to how we dealt with the mortgage arrears. They will now come over to Bank of Ireland. There is a concern that Bank of Ireland will deal with them more aggressively. My concern would be that the banks will do what they have done in the past, which is to sell them on to vulture funds. Can Mr. Kelly give a commitment that the transfer of warehoused split mortgages from KBC will not be sold on in the immediate future or over the coming years?

Mr. Gavin Kelly: From our perspective, on the deal with KBC - and as we go through the next number of months when, hopefully, the deal with KBC will be approved - we have entered into tough negotiations with it. We are buying a mortgage book and giving mortgage customers a new home. It is not my intention then for those customers to move or to sell those mortgages anywhere. KBC already did a deal for some of its non-performing loans. We are buying performing loans from KBC. It is certainly our intention to hold onto those mortgage customers over the medium to long term.

Deputy Pearse Doherty: With regard to figures of 80 redeployments and 420 contract staff, how many of the latter are in position at this point?

Mr. Gavin Kelly: Of the 500 in total, 350 of those new staff who joined are in place.

Deputy Pearse Doherty: Since the start of the year, has Bank of Ireland offered any redundancies?

Mr. Gavin Kelly: No. As the Deputy knows, we ran a voluntary redundancy programme last year in Bank of Ireland. Some staff would have signed up for that last year and taken voluntary redundancy.

Deputy Pearse Doherty: How many have left so far this year?

Mr. Gavin Kelly: I do not have the number off the top of my head. I will have to come back to the Deputy on that.

Deputy Pearse Doherty: Can the representatives from AIB answer that question? Of the 700 AIB contract staff and 300 who were redeployed, how many are currently in position? Has AIB let staff go since the start of the year?

Mr. Jim O'Keeffe: Of the 300 we are redeploying, we are probably at approximately 150 at this stage. We have activities going on. Obviously, we redeployed staff from the branches from other activities as well as part of that. In the context of recruitment, we probably have

approximately 150 at this point. We have a steady plan in place to continue that right through the summer months.

Deputy Pearse Doherty: So, 150 staff so far have been recruited. How many, if any, has AIB let go since the start of the year?

Mr. Jim O’Keeffe: We have had no campaigns since the beginning of the year. If there were any, it would be a very small number.

Deputy Pearse Doherty: Small as in ten or 12-----

Mr. Jim O’Keeffe: Exactly.

Deputy Pearse Doherty: -----and not 50, 60 or 70.

Mr. Jim O’Keeffe: We would have had some campaigns through the process last year where we would have had a number of people who opted for voluntary redundancy in advance of this.

Deputy Pearse Doherty: We know that 120,000 letters have been issued. There will be another 100,000 in the next number of weeks and approximately another 100,000 every month thereafter for a year. Banks were letting staff go and now they are scrambling to find and recruit staff. There is a lack of planning here. These banks announced that they were withdrawing from the market well over a year ago. Maybe that leads me to my next question, which I will direct to Mr. Hayes. Will he tell us what will change now? I read his opening statement, which referenced all these working groups that have been set up and all the rest, and Banking and Payments Federation Ireland has been at this for almost a year now, but the Central Bank has given it an F mark, or very close to it. It stated it was clear that on the ground banks are not where they need to be to meet the challenge of this exercise. The Central Bank also said the banks are not providing the necessary level of reassurance to affected customers and it called them in. We are at the start of the process, but for an individual who is one of the 120,000 people who has received a letter stating his or her account needs to be closed within six months and, if not, the account will be frozen, we are well into the process. As a co-ordinating body, Banking and Payments Federation Ireland has not been able to live up to the expectations the Central Bank set for it more than a year ago. I do not want the representatives to say how great they are doing. I want to know what will change after the CEOs’ round table yesterday, if anything.

Mr. Brian Hayes: It is a very valid question. As I said, we are a month into this. At one level, we are dependent on the exiting banks and their communications strategy that, in fairness to them, has been ongoing for some months now. We are at the start of this process. The regulator is doing what any good regulator should do, which is putting pressure on our regulated entities to make sure they live up to expectations under the customer code in the existing legislation.

The direct answer to the Deputy’s question about whether there are more things we have to do better is “Yes”. Four areas were identified in the meeting yesterday. One was around data collection and the question of greater alignment of data between the exiting banks and the remaining banks. Another job we can do better is around vulnerable customers and co-ordinating efforts more in that area. An enormous amount of work is going on at present, but there are industry-level engagements we can undertake for vulnerable customers who are really challenged by this. I fully get that. Even though more than 70% of customers may well be opening and closing their accounts digitally, many are not. There is more we can do there. The third area on which we were asked to concentrate was flattening the curve. The major challenge, to be frank, as we go past the summer into quarter 3 and quarter 4 of this year, is what the integrated

plans from our members will be and making sure they satisfy the expectations of our regulator in this space. The fourth area was on our engagement with other stakeholders. We have been doing a lot of this work but, to the point we made in our submission, the DDOs are not part of the switching code. No bank can take money from somebody's account tomorrow if it is not authorised to do so. There are other players on the pitch we have to keep working with. We are open to looking at any and all suggestions from our regulator and others on how we can do that. The four areas identified yesterday were data, vulnerable customers, the flattening the curve argument and stakeholder matters.

Deputy Pearse Doherty: I will make two final points. I will pick up on the point made by Mr. Hayes on 70% plus of customers opening their accounts digitally. That is not accurate. I am sure he knows that as the CEO of Banking and Payments Federation Ireland. I will put on record, from the data Bank of Ireland, AIB and Permanent TSB have given us, that 36% of Bank of Ireland current accounts, or almost one in four, have been opened in their branches since the start of the year, which is more than 18,000. The figure for Permanent TSB customers who are opening their accounts in-branch is 51% and 65%, or nearly two out of three, of AIB customers are opening their current accounts in-branch. This leads me to the point that I genuinely and strongly believe the banks are not scaling up enough to deal with the serious pressure that will come at a later stage. People have put the letters to one side, but as more and more attention is paid to this matter there will be a major spike. I will make that point.

It will be disputed but there is nearly an attitude of the switching code having so many problems. I am not saying it is perfect. Obviously, the switching code is not in the best interests of the banks because it is labour-intensive. The receiving banks and withdrawing banks have to do quite a bit of work, which is staff-intensive, but there are benefits to it. Banking and Payments Federation Ireland has been engaged with the DDOs, and I agree 100% we cannot force them to engage, but some are engaging and are willing to do this. On customer awareness, why does Mr. Hayes's organisation not publish a full list - maybe it has and I have not seen it - of all the DDOs, including the most common, the top 20 and others, that are part of, and engaging with, the switching code and others who are not? If somebody wants to switch, it is a matter of the switching code being terrible and certain banks do not use it and all the rest. The alternative is that people do it all themselves, where they can use the switching code and also switch manually for the entities that do not use it, whether it is Spotify, gym membership or whatever. Why does the federation not publish that information so we know who is involved and who is not?

Mr. Brian Hayes: It is a fair point. That is something we are going to do. We want to do two things with the campaign. The CCPC has a very good campaign at present, which I am sure the Deputy is aware of, and we wanted to ensure that was doing its job. Our campaign is around the dos and don'ts on the switching side and on the moving side, and to make sure people are aware.

To the Deputy's point, Ulster Bank is seeing about 10% of its customers using the switching code. It gave that figure in evidence to the committee. One of the advantages of the switching code, at one level, is that people see, from the remaining bank and the exit bank, where exactly things are coming from. The dilemma is, if there is a significant number of DDOs as part of the transaction, someone could be left stranded high and dry, or in a circumstance at the end, where if an individual uses his or her account at the end of the process it could nullify the whole exercise. I hasten to add Ms Byrne has much greater expertise on this than me.

Ms Michelle Byrne: As the Deputy knows, the code is a regulatory code. Relevant members have to comply with it as a matter of law and they must be able to demonstrate that com-

pliance to the Central Bank. The code will work well for some customers, especially those who believe they may need a little more support in the process and, as Mr. Hayes mentioned, those customers who may have little or no direct debits on their accounts. In all of this, the information imparted to the customer and the education the customer is able to access, in terms of understanding what is involved in either doing it themselves or doing it under the switching code, is very important.

It is important customers understand that if they use the code, not everything will move as part of that. A part of it is about being aware. As Mr. Hayes also mentioned, we have had a lot of engagement with direct debit originators. One of the things we asked for from them was that they engage in proactive communications with customers of the departing banks. That will be very helpful in informing those customers how to go about updating their account details with any of those originators. That is another important part of it.

Mr. Jim O’Keeffe: I will give the Deputy some comfort. We talked about the fact that, on a general level, there is some commentary around the switching code. On a practical level, when a customer comes into a branch or meets a colleague to open an account, he or she is talked through the switching code and the options suitable to him or her and, based on the customer’s circumstances, branch staff will work with that. We have not disdained the switching code in any shape or form as part of that process. As Ms Byrne outlined, it is a very regulated and very well set out process. It is monitored very closely, etc. While there may be some chat in the universe around it, that is not the policy or the approach we are taking.

On the other comment regarding the numbers, this is an activity where we are driving momentum through it. The Deputy is looking at numbers, which is valid because we shared them with the committee and the data cover the period up to 1 March. If we look at something like digital, and in our case the Deputy’s numbers were perfectly correct, we have stepped that figure up to 50% of customers and tomorrow morning we will step it up to 70%. The bank is diverting serious resources that would normally be for other activities to drive it. There is that momentum capability. We are seeing that turnaround time etc. on locations. I would not like colleagues or customers to feel we are sitting on our hands. We want customers to come forward because we are making those changes rapidly to meet them. I give assurance to the Deputy, as the numbers play out over the next while, he will see that trajectory coming through and that momentum will be very evident to him, as new data plays out.

Deputy Pearse Doherty: Please God. We all hope it works out smoothly.

Deputy Ged Nash: There is an opportunity here for the banking sector and individual retail banks to restore badly damaged reputations. All of us, and the public more widely, are watching this very closely indeed. Representatives from the Central Bank came before the committee in early April and told us that, as far they were concerned, all of the evidence they had suggested that the exiting and receiving banks were not in any way prepared for the scale of the challenge that faces the sector over the next few months.

In his earlier contribution in response to Deputy Doherty, Mr. Hayes told the committee what the Central Bank told him yesterday. Did the Central Bank expressly say to Mr. Hayes and to the banks present here today that, if the Central Bank was not satisfied that the timeline set down by KBC and Ulster Bank for the closure of accounts and the opening of accounts in new institutions was being met, the Central Bank would instruct or force those banks and Banking and Payments Federation Ireland to adapt those timelines and extend them? Did the Central Bank say explicitly that if it was not satisfied, it would be prepared to do that?

Mr. Brian Hayes: I cannot comment on what the Central Bank said or did not say on that issue. I believe it highlighted the issue of the best customer outcome, which was the phrase it put to us, on the exiting side and the remaining side. The Central Bank, rightly, is looking at this very closely to ensure we have the best customer outcome. I am not going to make a comment on what it said on that particular point. That is a matter for it and it would be unfair of me to make a comment.

Deputy Ged Nash: From that I might take it the Central Bank may have had a stern conversation with the banks that were present and that it is positive the conversation has taken place.

Mr. Brian Hayes: It was genuinely a very good conversation.

Deputy Ged Nash: A good exchange of views.

Mr. Brian Hayes: It was a very good conversation.

Deputy Ged Nash: I would expect so. I would hope the regulator would act in the best interests of customers. We all want this to work. This is an unprecedented challenge. We all understand the scale of the challenge the retail banks face and the difficulties that will be presented for the witnesses as senior executives and for staff over the next period of time.

Mr. Hayes referred on a number of occasions to the application of the switching code and some of the deficiencies in the code. It is nobody's fault that deficiencies are there. The switching code is old. Based on what Mr. Hayes said, we could all probably agree it needs to be modernised and updated to reflect new ways of doing business that have evolved over recent years. It certainly needs to take account of that.

We were all very concerned, and I am especially concerned, about the vulnerabilities involved in direct debit payments, standing orders and so on. I am aware that Banking and Payments Federation Ireland, BPF, is conscious of that. I appreciate Mr. Hayes confirming this will be a priority for BPF and the member banks.

I am a little concerned about what was said around stakeholder engagement. I may have picked it up incorrectly. The witnesses spoke of engagement with utility providers. The Chairman has put on the record the displeasure of this committee at the response of utility and energy companies with regard to their engagement, or lack thereof, with this committee on this issue. From what I can understand from what Mr. Hayes has said, and perhaps he would clarify this, contact was made, or sought, with the Commission for Regulation of Utilities, CRU, and with the Commission for Communications Regulation, ComReg, but that the engagement was not necessarily forthcoming. If that is the case-----

Mr. Brian Hayes: In fairness to them, we have raised-----

Deputy Ged Nash: Strictly speaking, it is not within their remit but I do not want them to take a minimalist view of what their remit is around the requirements they would place on companies. They need to take a customer-focused approach as well. This could potentially be catastrophic for many customers who find themselves in very difficult situations as things stand at present. Perhaps Mr. Hayes will elaborate on what the engagement with the CRU and ComReg was and where it stands at the moment.

Mr. Brian Hayes: We have written to the CRU and ComReg outlining our concerns in the process and citing the fact we have had pretty regular engagement with the direct debit opera-

tor community, who have come to all those meetings and who appreciate the information from our remaining and exiting banks about their plans. They are getting ready for the significant transaction changes that are going to occur. The points I was making in both correspondence we sent to the other regulators were around the timeliness, the resourcing issue, and meeting us to see if we can do something together.

I am aware that people have made suggestions. The Financial Services Union is on record as looking for a task force. Our colleagues in the Central Bank made the point to us yesterday around organising the stakeholder bit. We are open to doing anything. We would be at any meeting, at any time, at any place and anywhere, when everyone is around the table. There needs to be a bit more joined-up action here. I am not laying blame on other regulators here. I am just saying that we would be grateful if what the Central Bank has done in highlighting to other financial services entities under its authority, they would do the same to other entities under their authority in other regulatory settings. That will take a bit of time. We will be around any table at any stage. There is an enormous amount of knowledge across the sector, as the committee is hearing today from our colleagues on the exiting and the remaining side, which can help us all to get there.

Deputy Ged Nash: Obviously that would be a good idea, and I appreciate BPFi's efforts in that regard. BPFi certainly sees sense and the member banks see sense in actually working co-operatively with the regulators, but I would not want them to take a minimalist interpretation or view of what their remit is in this.

I also have some practical questions for the bank representatives before us this afternoon. My understanding is, and the witnesses may correct me if I am wrong, that all the banks represented here today have cut their opening times in call centres in recent times. Is that correct?

Mr. Jim O'Keeffe: From AIB's perspective, we have various call lines with different times, such as for cards and so on, where customers require out-of-hours service. We have condensed some of our lines to the normal nine-to-five hours. We have continued with those critical lines where customers may require out-of-hours support.

Mr. Eamonn Crowley: That is the same for Permanent TSB. We have similar support for fraud and things of that nature on card lines. For the main service we have condensed and shortened those hours. This is primarily related to resourcing issues due to the impact of Covid and an increased customer demand, particularly as the new digital security SEA authentication came in last year. The level of interaction by customers has actually increased and call types have lengthened, which has put extra pressure on those call centres. It requires a certain consultation time to obtain that service.

Customer patterns have also changed. Given that people are working from home, they tend to ring within those normal hours rather than outside of working hours. They now have more flexibility when working from home, so customer choice has changed in that regard.

Mr. Gavin Kelly: In Bank of Ireland we have found we are running 9 to 5 for most of the standard lines, but for fraud it is 24 hours a day availability. If a customer has any sort of an issue on his or her account, he or she can get through to us all day.

In this process in particular, we have certainly found that digital is the preferred channel of choice. Again, the numbers are moving but now 70% of our accounts are opened digitally with Bank of Ireland. Digitally means that when a new customer comes in, he or she can actually

scan his or her documentation, including his or her passport. We can verify it digitally and the account is opened in 50% of cases on the same day the customer has applied for the account. This means the customer gets his or her IBAN on day one, which is a critical first step in this process. The customer gets that almost immediately. This is very important.

The contact centre supports are for customers who may have some difficulties, or if they need to enquire or have any queries. That is why we are ramping up the contact centre team. This is to ensure that if a customer wants to come into a branch for a little bit more assistance, he or she can contact us to get an appointment, or if that customer is having any difficulty with the process, he or she can call us and we will walk that customer through it.

Deputy Ged Nash: Mr. Kelly mentioned a booking system in place now for appointments, which is very positive. Bank of Ireland's own analysis suggests 70% of new accounts are opened digitally. I accept and appreciate that. What are the waiting times involved for booking appointments if somebody wants to open a new account? If a person were to call on the first Monday of a particular month, when could he or she expect to get an appointment? Will Mr. Kelly talk me through that timeline?

Mr. Gavin Kelly: It is important to talk about the additional resources we are putting in place. It is very important from my perspective but I want to make sure I also talk about the 2,500 colleagues I already have in place for supporting customers across branches and contact centres, and who are working very hard to open accounts. Customers can walk into a branch today and, in the vast majority of cases, open an account with us when they come into the branch. When customers want to book an appointment to that service, we are experiencing a four-day average wait if customers want to open an account. That is from the date they pick. If they decide to pick next Friday, for example, they will get an appointment and be in the branch the following week. We are tracking this closely. I would like to get the timeline a bit shorter if possible. It is all down to choice, which is why we are redeploying more resources into the branches. We initially put in an additional 50 to help with the account-opening process and we are increasing that to 100 to ensure we will support the 2,500 colleagues who are there.

There is momentum behind this and customers are moving their accounts. We launched a significant awareness campaign last week to help customers understand what is involved in the process, and we are seeing customers respond. Over recent weeks, account numbers have increased already on what we experienced in the first quarter. The good news is that those numbers, such as the 50% of accounts being opened and numbers processed within the same day, are holding. We are absolutely sticking to those numbers and that is important, from my perspective.

Deputy Ged Nash: Mr. Kelly outlined the number of staff the bank has taken on in recent times to deal with this. Is it planning to take on any more? It has been suggested Bank of Ireland may engage more staff over the next period. I think the number was 50.

Mr. Gavin Kelly: That all depends. When we put out our press release about this, for example, the figure was 500 staff. Based on what we have seen in branches, we have added a further 50, so the total figure is 550. If we need to add-----

Deputy Ged Nash: Are those additional 50 staff members in place?

Mr. Gavin Kelly: They are additional staff in the branches, on top of the 500, which comprised a mix of our branch, operations and contact-centre teams. If we feel we need more staff,

we will provide them.

Deputy Ged Nash: I have a practical question for Mr. Crowley regarding the process, although I think I know the answer. I assume that where there is an Ulster Bank branch in a town or location where there is also a Permanent TSB branch, the Ulster Bank branch will close and the asset will not move over to PTSB. To be narrowly parochial on my part, in Drogheda, for example, where there are both Ulster Bank and Permanent TSB branches, the former is likely to close and Ulster Bank will do whatever it wishes with that asset in time. Permanent TSB will then operate only one branch in such a location. Is that the case?

Mr. Eamonn Crowley: That is correct, and customers of that Ulster Bank branch can choose any of the providers of retail banking in Drogheda. Naturally, we would love them to choose us, but they can choose AIB or Bank of Ireland. In effect, the branch will close and cease as a branch, whereas in the 25 locations where we are taking over the branch, there will be Permanent TSB signage over the branch in due course.

Deputy Ged Nash: My final question relates to call centres. I understand Permanent TSB let go a number of call centre staff over recent years but has re-added staff. Of course, staff will also transfer from Ulster Bank under TUPE legislation over a period. What is the net gain of staff?

Mr. Eamonn Crowley: We have not let staff go in our call centre, but the call centre is a natural stepping stone for staff into the wider bank. It is something of a route for staff given that working in a call centre is quite a challenging job and they are very well educated in system processes and dealing with customers. As a result, they lend themselves to promotion or movement into the branch network and other parts of the bank such as fraud and issues of that nature. That has been a feature of the call centre staff.

We have increased our headcount numbers in the call centre. Within the 450 staff moving over, there is no element of call centre staff because they support the retail banking network and the current account customers, who, unfortunately, are not coming to us. It is the mortgage customers who are moving to us. The current account customers do not fit into the TUPE definition, from that perspective.

Deputy Jim O'Callaghan: I thank our guests for attending. As I think they have all said, this is, obviously, a very significant event whereby two banks in a relatively small banking sector with limited competition are moving out. The concern of this committee, and I am sure of our guests, is that we want to see a smooth transfer of those hundreds of thousands of bank account holders to one of their banks. We have no preference as to where they go, they might be disappointed to hear. When politicians engage with people who come to us to talk about their experience with banks, their one constant complaint is that they do not have access to people for face-to-face meetings in branches. I might start with Mr. Crowley and Mr. Farrell of PTSB before coming to the other banks. What additional human resources are in place to facilitate customers who want face-to-face meetings in banks? In case I want to meet somebody in PTSB, how many additional people have been provided to facilitate that?

Mr. Patrick Farrell: On an ongoing basis and with business as usual, we have more than 800 staff on our front line to meet customers as they come in. We also have 100 staff who are mobile, whose job is to be out in the community meeting customers in their local businesses and homes. That is a considerable advantage to us at the moment because we are able to meet even vulnerable customers who might be unable to come in to meet us. In respect of this particular

challenge of meeting the increased account-opening work coming at us, we have added an additional 300 onto our front line, half of whom will be directly in our branches and contact centre, while the rest will be on our switching and operational teams to help with the account-opening.

Deputy Jim O’Callaghan: Can I take it from that that Mr. Farrell expects an additional 150 people will be on the ground to engage with people?

Mr. Patrick Farrell: Yes, they will be on the ground or on the phone to help customers directly, face to face, to move across.

Deputy Jim O’Callaghan: I am slightly concerned when I hear Mr. Farrell say “or on the phone”. The bank is going to move people to Ulster Bank branches. Is that correct?

Mr. Patrick Farrell: Yes, I was referring to our own branches. On top of that, we are putting two staff members into 22 of the 25 locations as part of the deal, subject to CCPC approval. We are taking on an additional 50 staff to support those 25 branches. To return to our earlier comments, we want everyone who is an Ulster Bank customer today in those locations to join Permanent TSB, so we are investing an additional 50 staff for those locations alone to make it easier for those customers to join us.

Deputy Jim O’Callaghan: I am conscious it is a very significant task involving hundreds of thousands of customers. Is Mr. Farrell satisfied the numbers he outlined are sufficient to accommodate the number the bank hopes to accept?

Mr. Patrick Farrell: Yes, I think they are at the moment. To return to some of the earlier comments, the level of digital adoption is increasing week on week. Last week, 72% of our sole current accounts came through digitally. Even so, we are conscious some customers will come into the branch and we will help them to open the account digitally in the branch. There is a mix. One cohort of customers need a lot of attention and time and we spend that time with them. One of the initiatives we have rolled out in Permanent TSB is called the “just a minute”, or JAM, initiative. Customers with learning difficulties or vulnerabilities can, without verbally saying so, identify themselves as needing extra attention and our staff are now trained to take them into a private area such as an office to spend that time with them. There are many customers who, when they come in, we help use their smartphone and download the app and they will have opened the account in minutes. By contrast, there are many other customers who do not come near the branch and can serve themselves at home.

In ramping up our capacity, while we have put an awful lot in place, we understand customers could behave in different ways. None of us knows the exact timing and we talked earlier about flattening the curve. Our commitment is not only to investing in the people and technology we have to date; if we need to do more into 2023, we will do that to ensure every customer will have the easiest possible journey across to us. We see this as a great opportunity to get as many new customers as possible into our business. They are our future growth, and it is a significant commercial opportunity for us to do that.

Deputy Jim O’Callaghan: I am sure there are customers of Ulster Bank, and indeed KBC, who have overdraft facilities at present, and I assume it is not the case that the bank can guarantee them the same overdraft facility if they move across. Is that correct?

Mr. Patrick Farrell: We cannot guarantee anyone in that regard and the customer would have to go through a credit assessment. That is a requirement. Nevertheless, there is no waiting time. Customers can either come into a branch, go through a credit assessment and give us their

financial details, or they can even apply online and we will contact them to obtain and verify their financial details in order that we can then make a credit decision. We will also make some changes in midsummer whereby customers will be able to apply online and get an approval in principle, and they will then be able to upload their documents. So if customers come from Ulster Bank then they will be able to rely on their Ulster Bank performance and credit history as opposed to the situation in the past whereby when a customer joined a new bank then he or she would need to create a credit history with the new bank. There is no waiting time. We are trying to facilitate all customers who have a requirement for a credit card, an overdraft or a personal loan. We want that business and we want to help people to move that business across to us. Obviously we must make sure that the product is suitable for the customer. We must go through a proper credit assessment to make sure that that suitability is there.

Deputy Jim O’Callaghan: I note the general question but is the credit assessment that PTSB would perform on a potential customer relatively similar to the credit assessment that would have been performed in the past by Ulster Bank?

Mr. Patrick Farrell: Yes, it is. For example, if we get a customer’s statement from his or her Ulster Bank current account then we will use that as part of our credit assessment.

Deputy Jim O’Callaghan: Could I ask Mr. O’Keeffe the same question in respect of extra human resources in order to enable face-to-face meetings? What level of extra resources has AIB put in?

Mr. Jim O’Keeffe: I ask my colleague, Mr. Nugent, to comment on the scale of the resources in the branches and, indeed, the contact centre in terms of what we have even if we stand still. We have already redeployed around 150 resources and we have on-boarded about 150 more. We intend to redeploy about another 150 and we expect to bring on board about another 550 over the coming months.

The Deputy asked about appointments, and Deputy Pearse Doherty mentioned them earlier. Our penetration of customers coming onto the digital app was lower at the beginning. We have worked through that and, as I said, we are now launching into 70%. During that period we accommodated customers with face-to-face appointments in the network. What we are doing now is that as we release some of that it means there will be much more capacity available in the network to meet customers as we convert those over. It is not like they suddenly disappear. Our colleagues who have worked hard in the network will be able to pick up on that extra piece. There is another part. From our perspective, because of the wide range of branches that we have, as many as 82 of the locations overlap with ourselves. In terms of the Ulster Bank locations that exist, we have been fortunate enough to pick up a lot of the activity that we are seeing coming through there.

The additional piece is important. To give the Deputy a sense of the scale that exists today, and even before we add on that piece, it might be important for Mr. Nugent to comment.

Mr. Brian Nugent: From our perspective, face-to-face is hugely important. We have nearly 250 locations if one counted all of our branches and different brands across the patch so it is hugely important for us that we have those interactions and they work well for our customers. We would do about 34,000 interactions in our branches with customers in terms of branch visits. That is a huge part of our business and it continues to be hugely important to us. We have about 1,500 colleagues working on that across, for instance, the AIB brand in our branches.

Earlier we touched on the call centre. Traditionally, the guts of 600 staff would have operated in our call centres around the start of the Covid period. That would be towards 800 staff and growing to deal with the change in the banking environment, the way customers interact with us now and the fraud levels. The increased regulation with secure customer authentication has meant that we have had to really step that up and we continue to step that up as we go through the cycle. There is the capacity that is needed to run a call centre now to deal with the extra initiatives. For example, the fraud element, of which the Deputy will be aware from dealing with his constituents, is a hugely important interaction for us and for the customers.

Deputy Jim O’Callaghan: Are the extra resources being focused in areas where there are pre-existing Ulster Bank or KBC branches?

Mr. Brian Nugent: It is true that because we have such a wide footprint across the Twenty-six Counties, going right across the Border counties and so on, there are particular hotspots where we would be one of the core banks that would be left in that region. So those areas were areas where we had to deploy our extra resources more promptly. That and Dublin central, where Ulster Bank was quite strong, is where we have had to deploy my own offices on Grafton Street. Our colleagues worked overtime, and did extra hours and work from early doors on this initiative but we have been about that. Yes, we went to the hotspots first.

Deputy Jim O’Callaghan: Would the answer be the same for Mr. O’Keeffe and Mr. Nugent in respect of the issue about overdraft facilities? Is the same type of credit assessment done?

Mr. Jim O’Keeffe: It is not exactly the same but would be very similar. Obviously we are about that as well because that is the challenge. We must make sure that customers come early in terms of that so that we are able to have the discussion. To be fair, we are seeing a lot of activity on that front both on the credit card and the overdraft sides. So customers are not as passive on that side of it as we might think. They have realised that they need to find a pathway to move those products as well.

Deputy Jim O’Callaghan: What extra resources is the Bank of Ireland putting in place to facilitate customers who want face-to-face interaction?

Mr. Gavin Kelly: As I said earlier, at the moment 70% are coming in digitally and 50% of those received their account number on the day they opened the account, which is a really important first step for customers and it gives them confidence because they need that account number for salaries, etc. as they move.

Earlier I mentioned that we have 2,500 colleagues already in our branch network and contact centres. We overlap with most of the Ulster Bank locations that are closing, as in over 80 of them. Today, we have Bank of Ireland staff present in Ulster Bank branches in Blanchardstown and Eyre Square, and tomorrow in Patrick Street Ulster Bank, actually opening accounts and giving information on Bank of Ireland accounts. They are already up and running and live. We will continue to support Ulster Bank in the various different spots that it feels it needs extra support in and we will put staff in. Specifically, we put in an extra 50 resources to make sure that we kept appointment wait times for customers down to a minimum and, if at all possible, accommodate them there and then. We are putting those 50 resources in to be on the road, and to respond and meet customers at their homes or businesses where a little bit of extra help is required. It is an important point to call.

We have spoke a lot about consumers here today. Small businesses were affected by this matter as well. There are quite a number of small business current accounts in the banks, and in Ulster Bank in particular, that are closing. We have found that a small business customer requires a bit more help and wants to meet face to face. We are increasing the number that are going into the branches by another 50 and we have already increased our contact centres by 100 resources.

Again, depending on what we see and where we see demand, we will make sure that we are flexible and meet those requirements. The demand to do things digitally is starting to increase beyond just the opening of accounts. We are already building multiple product application forms. What does that mean? Digitally, one can apply now for an overdraft, credit card and deposit accounts all on the one form and we will deploy that in a number of weeks' time.

This is all about trying to react as customers come in and see what the demand is. What we are going through is unprecedented and it is really important that we are flexible in terms of how we develop.

Deputy Jim O'Callaghan: Is Ulster Bank allowing all three banking institutions into their branches at present?

Mr. Jim O'Keeffe: Yes.

Mr. Gavin Kelly: Yes.

Mr. Jim O'Keeffe: I did not touch on the matter in my comments because we overlap in 82 of the locations.

Deputy Jim O'Callaghan: Obviously they are the people who need face-to-face banking.

Mr. Jim O'Keeffe: Yes.

Deputy Jim O'Callaghan: They are the people who are going into Ulster Bank and KBC branches.

Chairman: We are running out of time.

Deputy Jim O'Callaghan: Sorry, I was going to ask Mr. Hayes a question but I will do it another time..

Chairman: Is it an awkward question?

Mr. Jim O'Keeffe: Please work ahead.

Deputy Bernard J. Durkan: How many minutes do I have?

Chairman: I am advised by the clerk that the Deputy has two minutes.

Deputy Bernard J. Durkan: I recognise what Mr. Brian Hayes said about the service to customers, personal services, etc. It must be emphasised that the customer must be served. The banks will become irrelevant if the customer cannot be served.

From the point of view of these Houses, there must be a greater emphasis on the fact that members of the Houses are persons of special interest in terms of security and I do not know how that came about. To the best of my knowledge, I have never created a security problem, at

least not so far, but I know that there have been security problems in the banks, and the banking system, and I am not so sure that the customer was always at fault. I look forward to a response to what I just said.

The thing that I most want to complain about is the anticipated opening hours of banks. First, it is not possible to conduct all work without calling into a bank, having a face-to-face meeting, talking to a person or establishing a contact. That used to be a big part of security once upon a time. The opening hours are so restricted that it is virtually impossible for people who are at work, on shift work or whatever the case may be to arrange to meet their bank.

A large sector of the security relating to the banks seems now to have transferred to the shoulders of customers. It is a regular occurrence, particularly from the point of view of Members of these Houses, that online transactions are interrupted by some security guru or other on the basis they want you to repeat whatever information has been inputted and it will be verified in due course. It is annoying, especially if one is in a hurry.

A large number of bank branches throughout the country have closed. I do not know how it will be possible to continue in business without a number of banks available, open and dealing with customers. Even the ATM in Leinster House was closed and taken away. I do not know why. The excuse I was given was that it was not making money. I know of a few other ATMs that were not making money because the money was being extracted with a JCB. It would not normally happen in the Houses of Parliament. I am anxious to get a reply to that issue. I would like an indication as to when it can be restored because it was a safe area for people to access in a city that is becoming increasingly unsafe to access ATMs in the open air.

I was recently approached by a customer who had a golden years account for many years. I am not talking about myself. The man in question transferred his account from Ulster Bank to Bank of Ireland and the same account does not apply. What is wrong with cherishing customers who were other banks' customers until now and had to change over because their bank is leaving the market? The over-55s and holders of those particular accounts are entitled to treatment equal to that they have come to expect.

I also wish to talk about phone contact. Every customer needs to be able to contact his or her bank and not via a call centre or some other circuitous system whereby the emphasis is on no contact. Customers should be able to contact their banks. I know the lack of contact does not apply to everybody. There are cherished customers of the banks who get that contact all the time. All customers should be cherished customers. We all contribute to keeping the banks alive.

Chairman: Would Senator Maria Byrne like to put her questions?

Senator Maria Byrne: I thank the Chairman.

Deputy Bernard J. Durkan: I need written replies to my questions in that case.

Chairman: I have asked the Senator to put her questions and we will come back to our guests.

Deputy Bernard J. Durkan: Unfortunately, I have to leave because I have another meeting to attend. I need written replies to my questions.

Chairman: Okay.

Senator Maria Byrne: I apologise for missing our guests' presentations because we had a vote in the Seanad. I read the opening statements so I thank our guests for submitting them. Some of my questions have already been covered. I will ask about customers of KBC or Ulster Bank who might have distressed loans or whatever else and are under a lot of stress. They now have to deal with another bank. I am looking for assurances from each of the three banks that every customer will be dealt with individually and his or her concerns will be taken into account. It is a stressful time for people who are coming with loans in the background and are negotiating with other banks, especially when they may already have been in negotiation with KBC or Ulster Bank and got nowhere.

My following question is for Mr. Hayes. I have asked the question of KBC and Ulster Bank in the past. Why have they chosen to leave Ireland? Many fine banks are still here but there must be a reason those two banks are pulling out. What are Mr. Hayes' opinions from his dealings with them?

I mentioned to the representatives of the two banks who were before the committee earlier that I am currently an Ulster Bank customer. I went to one of the banks that is represented at this meeting recently and I had a positive experience. However, a number of more vulnerable customers have come to me. Mr. Hayes addressed this issue in his presentation. Some older people are not proficient in email or online although I know others are. Some need an extra bit of support, for example, to set up their direct debits. Are each of the banks going to provide that support, especially to older and more vulnerable people? Some of them are stressed about the fact they now have to deal with another bank. They might have been dealing with the same bank for decades. The change has caused upset, especially to some older people.

Mr. Jim O'Keeffe: The Senator asked about customers who might face difficulties when they come over to us. As an unfortunate outcome of the crisis, we have built a core competence around dealing with customers who face financial difficulties. Support will be afforded to people who face financial difficulty when they transfer to the bank.

Dealing with vulnerable customers is a key focus for us. We have a dedicated line. We have undertaken thousands of hours of training. It is an area we survey and manage tightly. We can already see the benefit to vulnerable customers who are transferring to the bank. Our colleagues in the network, as I am sure is the case for the banks my colleagues represent, are visiting nursing homes to help customers who are facing challenges in moving their accounts. How we are supporting people on the ground is probably not often lifted up to this level. We can all be confident that support will be provided.

Mr. Gavin Kelly: My answer will be similar. We are in negotiations with KBC, to whose representatives the committee talked earlier. It is critical that when customers come across, they understand their rights and the way in which their accounts are managed in Bank of Ireland will be the same as was the case in KBC. I am proud of our track record in helping customers in financial difficulty. We have proved in recent years that our primary focus is to keep vulnerable customers who find themselves in difficulty in their homes. Many of the services and solutions we have provided are working and have allowed those customers to maintain their homes. That is an important part of how we conduct our business and it will not change for KBC customers when they come across to Bank of Ireland.

I reiterate with regard to vulnerable customers that this is a key time for us as an industry. It is important we stand up and are counted with regard to how we support vulnerable customers. It is great that so many customers are using our digital services. We will be judged on how we

support vulnerable customers as they move their accounts.

We have looked at a number of different types of journeys that customers might find themselves on and areas where they might find themselves in difficulty. We are offering support. We are training staff. As others have said, we are making sure we are there to support customers and, if necessary, going to meet them in nursing homes, at their premises and in their own homes to offer that support. We are constantly trying to change our processes to support customers.

Mr. Patrick Farrell: Like the other two banks, we have, unfortunately, built up a core competency in this area. We will take the time to look after those customers who are in financial difficulty and help them when they come across.

The Senator also asked about more vulnerable customers, sometimes elderly customers, who need a bit of extra time and assistance. As I mentioned earlier, we have launched a “just a minute” programme in our branches. It helps those customers to identify that they just need that little bit of extra time and someone to talk to about the mad digital world. The majority are going into the digital world but we all know many people who need a little bit of time, attention and care. That time is available. Our colleagues around the country are offering support.

Mr. O’Keeffe mentioned his staff are visiting nursing homes and my colleagues around the country are also doing that. Even during the pandemic, they looked out for elderly customers who they noticed were not coming into the branch anymore. In some cases, they even did a weekly shop for those elderly customers. There is a lot of care going on at local level that would not be seen at this level. Our colleagues do amazing work around the country. We have an enhanced care team in our contact centre. This is a special, dedicated line where the staff are not trained on average call times, call handling or anything of that nature. They are trained to spend time with the customer for as long as it takes, listen to what the customer needs to do, spend that time with them to help them move across and look after their needs. Hopefully, that gives the Senator some assurance.

Senator Maria Byrne: I thank Mr. Farrell.

Mr. Brian Hayes: I have just three concluding remarks, because I know the Chairman is under pressure.

Deputy Durkan raised three issues. We will give a written reply directly to the clerk to the committee on them. I believe he was referring to PSD2, which is domestic and European law, and which the banks must implement with regard to strong customer authentication that requires a double-click for security. We will come back on the ATMs, the PSD2, and the opening hours.

The Senators raised questions on those two very significant institutions that are leaving, one of which was in the country for 150 years and the other for 40. Both banks remained after the crash when they had significant positions and did not cost the Irish taxpayer anything. We must prosecute that question. It is a fundamental question. I am happy to come back to deal with that on behalf of the industry at a public session. I am aware that some of these issues will be played out in the dialogue on the banking review, which I know Deputy Doherty attended in Tullamore on Monday.

Retail banking is a scale business. We are a population of 5 million. The cost of regulation - the actual cost to income ratio - in Ireland is approximately 65%; across Europe it is approximately 50%. Let us consider the way in which our industry is structured with the cost of capital. We must hold approximately three times as much capital as our European peers. There

are issues around security that we must address at some point in the future. There are also issues around net interest income. The Irish banking sector obtains 80% of its income from interest, whereas in the European case it is more like an average of 60%. Every fee increase that an Irish bank has to propose must go through the Central Bank of Ireland under section 149 of the Consumer Credit Act. No other country in Europe has that. The only other country in the world that operates that is Nigeria.

We have major problems as an industry that I would love to discuss further with the committee and with my colleagues in the BPF. We really must have a proper debate on it. That debate is predicated on not forgetting the past, the reputational issues and the legacy issues, but also having the courage to address some of those fundamental commercial issues that are no different in other European jurisdictions. As a country we really need to have that debate.

If I am an investor and I want to invest in any of these public limited companies in front of me here today, I would expect a return of 8%, 9% or 10% on average per year for my investment. These companies are owned by investors. These are public limited companies. The European average is 8% and Ireland's average in normal times pre-Covid was between 4% to 5%. If I am not returning equity then I am not going to have the money into my business to invest in technology and all the things we need. We really need a serious debate about all the factors that are making the landscape for retail banking in Ireland challenging. Perhaps that is an issue for another day.

I saw the Behaviour & Attitudes survey on Monday, which was independently compiled face-to-face. Goodness knows, from a previous life I would probably recognise a dodgy poll or survey if I saw it. This particular survey, however, showed that according to Behaviour & Attitudes, 82% of the people surveyed were either extremely satisfied or satisfied with their Irish banking service. This is not the narrative that is out there. I believe there is a problem in that. The experience of ordinary people as they go about branches, as they deal with the digital offering, and as they deal with the call centres seems to be broadly satisfied, but the industry as a whole has this very difficult and challenging narrative. We have a job to do, collectively, in addressing that and making sure of the translation of that. It was a very interesting survey on Monday. It was independent and nothing to do with us. It was conducted face to face and gives some quite encouraging remarks, especially to the 22,000 people who work in this sector and keep the sector going. We owe it to them to keep their heads up as we go through this very challenging period.

Chairman: My heart goes out to Mr. Hayes but I differ from his view on the banks.

Deputy Pearse Doherty: We also read that survey. With respect, nearly one third thought the culture in banking had worsened over the past while.

Chairman: By all means Mr. Hayes can make arrangements with the clerk to the committee to come in and we will have that discussion, but it will not be as soft as the discussion we had today. In my eyes, customers come first, so there you go.

I thank all the witnesses for coming in. It is appreciated. There is no doubt we will engage on this matter again. I apologise for keeping them waiting earlier.

The joint committee adjourned at 5.15 p.m. until 1.30 p.m. on Wednesday, 25 May 2022.